

a pilot project of  
**Sioux Falls Thrive**  
conducted by  
**Augustana**  
University

# Sioux Falls Affordable Housing Needs Assessment 2016



This report presents the results of the Sioux Falls Thrive pilot project — the “Sioux Falls Affordable Housing Needs Assessment 2016” — which was conducted by the Augustana Research Institute (ARI). Sioux Falls Thrive is a long-term workforce development effort of Forward Sioux Falls. Its mission is to unite business, government, and nonprofit sectors in initiatives that ensure all children in the Sioux Falls area have the resources they need to achieve their optimal educational and career potential. The purpose of the pilot project was to develop Augustana University’s capacity to provide measurement, analysis, and knowledge management to cross-sector collective impact initiatives.

ARI chose affordable housing as the focus for the project from among three areas suggested by the funders. Several factors influenced this decision, including high levels of interest and support from social service agencies that provide housing to low-income families and from the City’s Department of Community Development. In addition to gathering data by traditional research methods, ARI interviewed leaders of 25 organizations that address local affordable housing needs and held two series of focus groups. One series was composed of community leaders and stakeholders, the other of families that benefit, or are eligible to benefit, from affordable housing programs. This study finds an unmet housing need among households with incomes below 50% of the area median family income, especially single mothers. In Sioux Falls, 72% of children in poverty live with single mothers, and between 2010 and 2015, the number of children living in poverty increased 48%. The findings presented here reveal that, when it comes to affordable housing, Sioux Falls is program rich but systems poor; the affordable housing ecosystem is complex and has no clearly defined point of entry, making it difficult for clients and providers alike to identify and access existing resources. Results indicate community consensus that a collective impact initiative would improve affordable housing outcomes and help ensure all children in Sioux Falls have the resources they need to thrive.

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This report is available online at [augie.edu/findings](http://augie.edu/findings).

## EXECUTIVE SUMMARY

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Affordable housing is key to recruiting and retaining workforce for continued economic growth. Despite very low unemployment, Sioux Falls has low wages relative to its peers. Although Sioux Falls ranks among the most affordable cities in the country, basic comparisons of median income to median housing costs obscure increasing income inequality and a growing demand for housing that is affordable for very low-income households.

Sioux Falls has attracted high-paying jobs, and population growth is strong, especially among millennials—a testament to the vitality of Sioux Falls and its allure as a place for young people to build a life and career. But with high-paying jobs comes increased demand for low-paying service jobs, and with population growth comes increased pressure on the housing market. Because they cannot find affordable starter homes to purchase, millennials remain in the rental market, driving demand up and vacancy rates down. Although new rental housing construction is at record levels, it tends to be priced out of reach for low-income families.

Because affordable housing provides the stability families need to prepare children for education and career success, long-term workforce development initiatives may want to consider including housing as part of their cradle to career approach. Quality housing in safe neighborhoods sets children up for success, but growing inequality widens the chasm between parents who can afford it and those who cannot. Since 2010, the number of Sioux Falls children in poverty increased 48%. Currently, 14% of households with children are below poverty, and 72% of those households are headed by single mothers.

Fortunately, Sioux Falls has a wealth of resources available to those seeking affordable housing. The existing supply of subsidized and tax credit properties balances accessibility with dispersion. Though transportation is often voiced as a concern, over 85% of renter households have a vehicle, and almost all income-restricted housing is within walking distance of a bus route. Additionally, Sioux Falls is program rich when it comes to supportive services.

Unfortunately, the affordable housing system is so complex and difficult to navigate that people opt out. Although programs exist to address a variety of needs, a lack of coordination among programs leaves clients and providers alike without a clear idea of how to access available resources. Families have no clearly defined, single point of entry to the affordable housing system. Faced with this complexity, many people give up. They simply drive around town looking for yard signs, hoping to stumble across an affordable place to live.

But people in the lowest income brackets are unlikely to happen across affordable housing. Not enough units are affordable and available for Sioux Falls's extremely low-income households. The market, along with existing federal and state policies, provide affordable rental housing for moderate income households making 60 – 80% of the area's median family income (MFI). However, a gap remains for very low-income households who make less than 50% MFI. For every 100 families at or below 30% MFI, there are only 39 units affordable and available. As a consequence, these households face a significant housing cost burden: roughly two-thirds of very and extremely low-income families spend more than 30% of their monthly income on rent; about one-third spend more than half.

Without affordable housing, labor shortages will grow more severe, and children will fight an uphill battle to break out of a cycle of generational poverty. Sioux Falls is a generous community with the resources necessary to address emerging problems, but success will require coordination and collaboration. Based on the findings presented, affordable housing in Sioux Falls is a textbook example of an opportunity for collective impact, which would bring affordable housing stakeholders together in a broad-based, data-driven collaboration to set a common agenda for addressing affordable housing needs.

This study finds community support and demonstrated need for a focus on the needs of extremely low-income families with children. Based on a survey of best practices in affordable housing, this study recommends that affordable housing stakeholders consider the following action areas:

- Enhance coordination and collaboration.
- Commit to an outcomes-based data initiative.
- Decrease demand for affordable housing by moving extremely low income families toward self-sufficiency and addressing underlying needs.
  - Streamline the housing search process to connect families to existing resources.
  - Build on successful service collaborations to expand supportive services.
  - Help families build a financial cushion and establish good credit history.
  - Leverage community partnerships to increase access to jobs.
- Increase the supply of quality affordable housing for extremely low-income families through public-private partnerships and innovative funding mechanisms and incentives—including a careful review of city regulations and fees for construction.
  - Increase equity investments by coordinating support from public, non-profit, and for-profit sectors.
  - Create regulatory or tax incentives for affordable housing.
- Make the most of existing affordable housing by continuing revitalization and developing an early warning system to monitor the supply of naturally occurring affordable housing.
  - Work with property owners to improve the quality of affordable housing.
  - Increase awareness of fair housing requirements and tenants' rights and responsibilities.
  - Develop an early warning system for affordable housing.

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## INTRODUCTION

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The first six sections of this report look at affordable housing needs in Sioux Falls. Section 1 examines the affordable housing system. Based on interviews with affordable housing stakeholders and service providers in the government, nonprofit, and private sectors, findings show that the affordable housing sector in Sioux Falls is program rich but systems poor. In this section, a series of systems maps show the complexity.

Section 2 describes demographic patterns and projections, including population and household growth for the city of Sioux Falls and the four-county Sioux Falls Metropolitan Statistical Area (MSA). It documents income and employment trends and also includes a special analysis of demographic and income trends among families with children.

Section 3 quantifies current housing needs among renters and homeowners. It includes data on new single- and multifamily housing construction as well as estimates of the total housing stock of single-family homes and rental units, including conventional rentals, tax credit properties, and subsidized rental housing. It estimates the housing gap between the number of households at various income levels and the number of units available in corresponding price ranges. This section also quantifies the number of households with a housing cost burden and estimates the number of homeless adults, families, and children in Sioux Falls.

Section 4 outlines the housing needs for populations of special concern: families with children, the formerly incarcerated, refugees and immigrants, and people with disabilities.

Section 5 looks at the geography of affordable housing, including the relationship between housing's location, neighborhood poverty, and proximity to jobs. This section also explores transportation access for income-restricted affordable housing units.

Section 6 presents the results of a series of focus groups and interviews held with affordable housing stakeholders and with individuals who benefit from or are eligible to benefit from affordable housing services. It discusses their perceptions of affordability, how clients search for affordable housing, perceived barriers, perspectives on children and housing, and participants' proposed solutions to meeting affordable housing needs.

Following the examination of affordable housing needs in Sioux Falls, Section 7 compares Sioux Falls to similar communities along a series of metrics, including population growth, income and employment, and housing affordability.

Section 8 summarizes the report's key findings and projects demand for housing over the next 5 years.

Finally, Section 9 presents a roadmap for a collective impact initiative to address affordable housing needs. It recommends a broad-based, data-driven collaboration comprising representatives from the public, nonprofit, and business communities. It suggests several best practices that could form the basis for the collaboration's agenda.

A description of the data used in this report and a glossary of key terms are also provided.

# 1 THE AFFORDABLE HOUSING SYSTEM

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## KEY FINDINGS

This section examines the existing affordable housing ecosystem in Sioux Falls. The system maps presented on the following pages move from depicting the current complexity of the ecosystem as seen through the eyes of a family in need of affordable housing to a model for structuring collaboration.

### 1.1 Program rich but systems poor

The affordable housing system is program rich but systems poor: It is a complex system with many influential stakeholders but no coordinating authority. Numerous organizations compete for a limited pool of resources, often duplicating services and resulting in inefficiency.

Although programs exist to address a variety of needs, a lack of coordination among programs leaves clients and providers alike without a clear idea of how to access the programs and resources that are available. Families in need of assistance may turn to a small number of housing search and information services, but they have no clearly defined, single point of entry to begin accessing the resources that currently exist.

### 1.2 Coordinating for collective impact

Better coordination and collaboration among affordable housing stakeholders in Sioux Falls could help ensure that existing programs and resources reach people who need them. The City of Sioux Falls Affordable Housing Division and the Sioux Falls Housing and Redevelopment Commission represent an intersection of programmatic centrality and funding and authority. They will play a critical role in any effort to better coordinate the affordable housing ecosystem. However, because the affordable housing system is complex, successful coordination will require broad-based collaboration by many of the actors in the network.

In Sioux Falls, affordable housing is a textbook case of opportunity for collective impact. Given the necessary infrastructure and facilitation, affordable housing stakeholders could come together to help all children thrive from cradle to career: When it works well, the affordable housing sector provides supportive services and subsidies that help ensure all children begin life and move from cradle to career with safe, stable housing. Designed as successful interventions, supportive services and subsidies can break the cycle of instability, trauma, and disrupted education that keeps some families in poverty generation after generation.

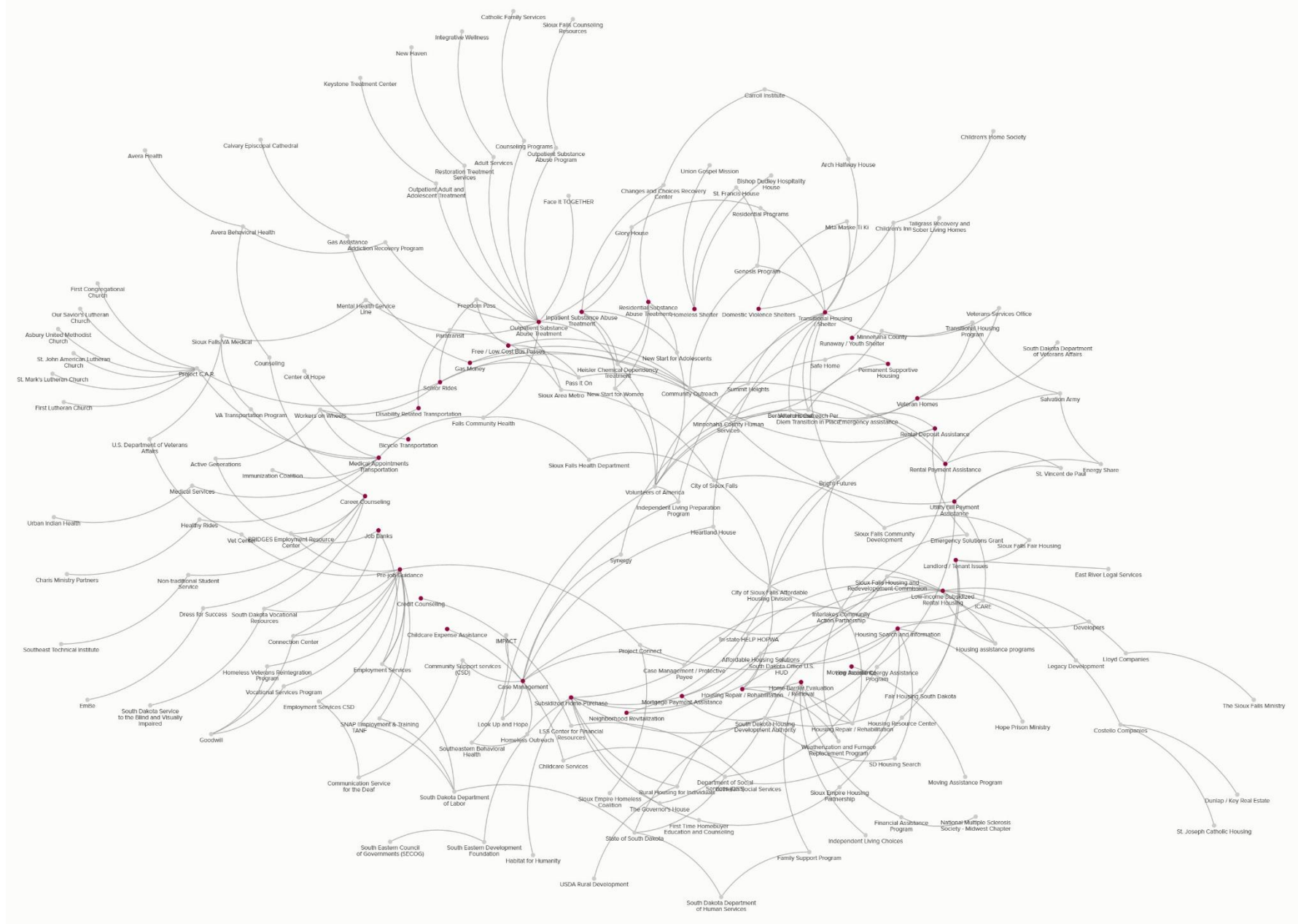
## 1.1 PROGRAM RICH BUT SYSTEMS POOR

An initial review of the affordable housing ecosystem reveals that, in Sioux Falls, affordable housing is a complex system with many influential stakeholders but no coordinating authority, although there exist promising sites for collaboration (e.g., the Sioux Empire Housing Partnership, whose board is broad and inclusive).

As Figure 1.1 shows, the affordable housing system is program rich but systems poor. Numerous organizations compete for a limited pool of resources, often duplicating services (e.g., rental assistance, case management, housing search, shelter, referral, credit counseling) resulting in inefficiency. Without a comprehensive understanding of the system as a whole and the services available, clients may fall through the cracks.

## The Affordable Housing System

Figure 1.1 Program rich but systems poor: Affordable housing in Sioux Falls





The systems map (Figure 1.1) shows the affordable housing ecosystem clustered by area of need that each program addresses. Programs or organizations near the center of the map address multiple needs; in that sense, they are more central to the system. In terms of needs addressed, the most interconnected or central programs include the following: the City of Sioux Falls Affordable Housing Division, the Sioux Falls Housing and Redevelopment Commission, Minnehaha County Human Services, Volunteers of America, Interlakes Community Action Partnership, and the Community Outreach.

The systems map reveals a lack of coordination and collaboration. In Sioux Falls, the affordable housing ecosystem is program rich but systems poor. Numerous programs exist to address a variety of needs, but a lack of coordination among programs leaves clients and providers alike without a clear idea of how to access the programs and resources that are available. This study finds repercussions in housing development, supportive services, and client outcomes.

In development, complexity and competition have resulted in a system where scale wins (e.g., two major developers build tax credit properties because regulatory requirements are too burdensome for others). Faced with limited resources, developers cannot afford to cash flow sufficient units for families at the lowest income levels. Instead, new construction caters to higher income levels and reduces costs by buying property on the outskirts of town, where it is less accessible to low income families. In short, housing development is driven by financing constraints more than client needs.

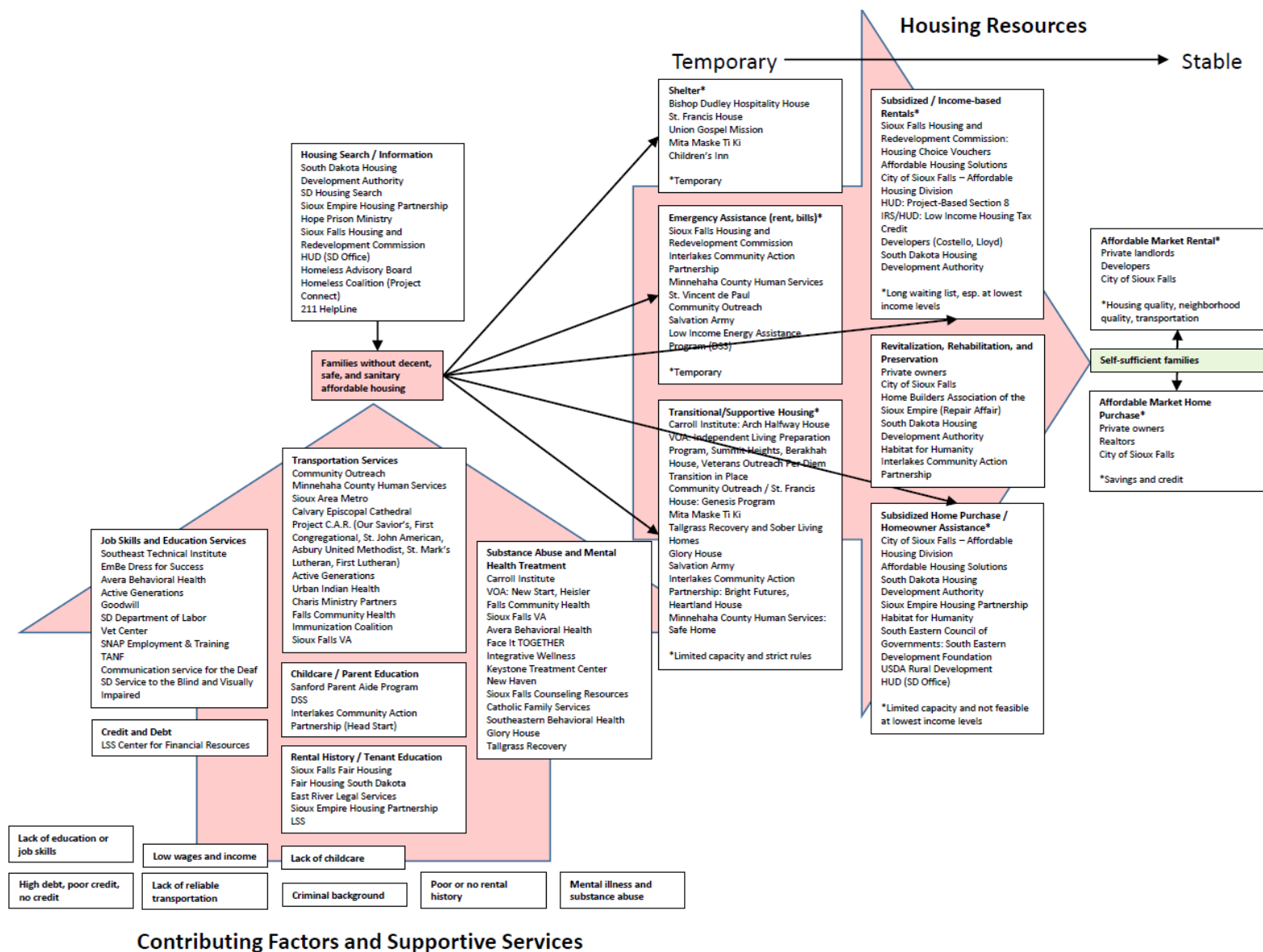
In supportive services, stakeholders report, duplication of effort wastes time and energy that could be devoted to case management (e.g., Sanford parent aides work on finding housing instead of on parenting skills); lack of outcomes-based accountability data (i.e., the key indicators to be determined by this study) means providers lack the information about what works best to meet clients' needs.

Ultimately, this study finds, clients suffer. Competition for resources means programs are not dependable; some exist today but disappear tomorrow when funding runs out. Even for those individuals and families who are eligible for subsidized housing, the application process is burdensome and haphazard. In general, clients are stymied when it comes to navigating the system of services—in fact, case workers are, too.

Figure 1.2 shows the affordable housing system from the perspective of a family in need of decent, safe, and sanitary affordable housing. A variety of available programs offer supportive services to address factors that contribute to the need for affordable housing. For example, several organizations provide transportation services or credit and debt counseling, and a number of resources provide a range of housing resources, from temporary shelter to rehabilitation of single-family homes for homeowners.

## The Affordable Housing System

Figure 1.2 Affordable housing services and resources



Despite the abundance of available programs, services tend not to be well coordinated with one another. Families in need of assistance may turn to a small number of housing search and information services, particularly the Helpline Center, but they have no clearly defined, single point of entry to begin accessing the resources that currently exist.

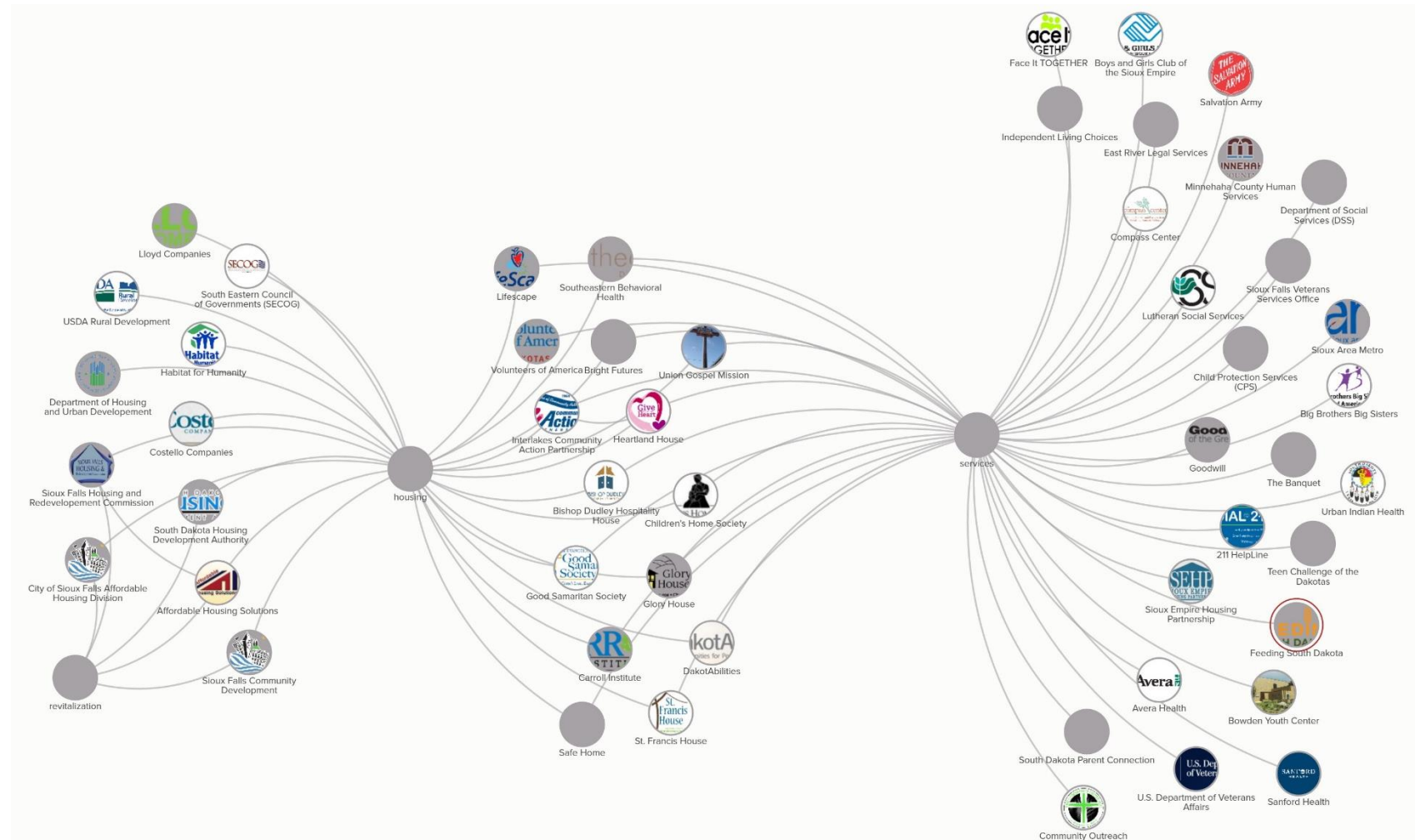
## 1.2 COORDINATING FOR COLLECTIVE IMPACT

Better coordination and collaboration among affordable housing stakeholders in Sioux Falls could help ensure that existing programs and resources reach people who need them. Informal collaboration and referral are common, but they are contingent on individuals' relationships and knowledge of the system. Formalizing collaboration will help ensure that it persists through employee turnover and organizational change. Nascent clusters in the affordable housing sector suggest opportunities for collaboration and coordination. As Figure 1.3 shows, activity tends to cluster around services, revitalization, and housing development. By formalizing these clusters and bringing together key players from each, a collective impact initiative could improve efficiency and outcomes.

Any efforts to increase coordination and collaboration may also want to consider how funding and authority flow through the affordable housing system. Figure 1.4 shows key funders and authorities as well as the central programs identified in the map above. As the figure demonstrates, the City of Sioux Falls Affordable Housing Division and the Sioux Falls Housing and Redevelopment Commission represent an intersection of programmatic centrality and funding and authority. They will play a critical role in any effort to better coordinate the affordable housing ecosystem. However, the figures also demonstrate the interconnectivity of the affordable housing sector; all of the programs, funders, and authorities are embedded in a complex system that cannot be directed by a single actor. Coordination will require a broad-based collaboration by many of the actors in the network.

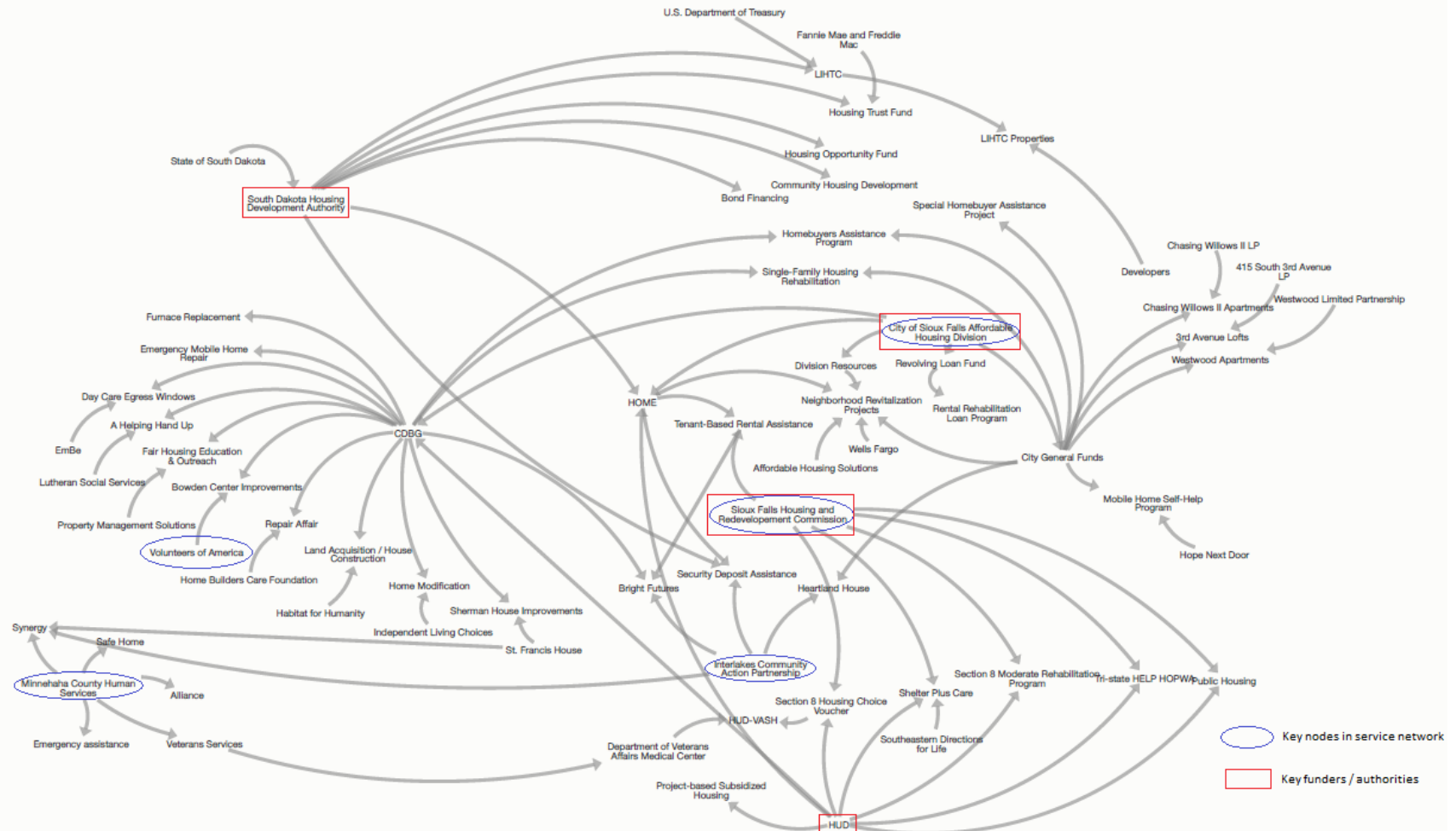
## The Affordable Housing System

Figure 1.3 Opportunities for collaboration in affordable housing



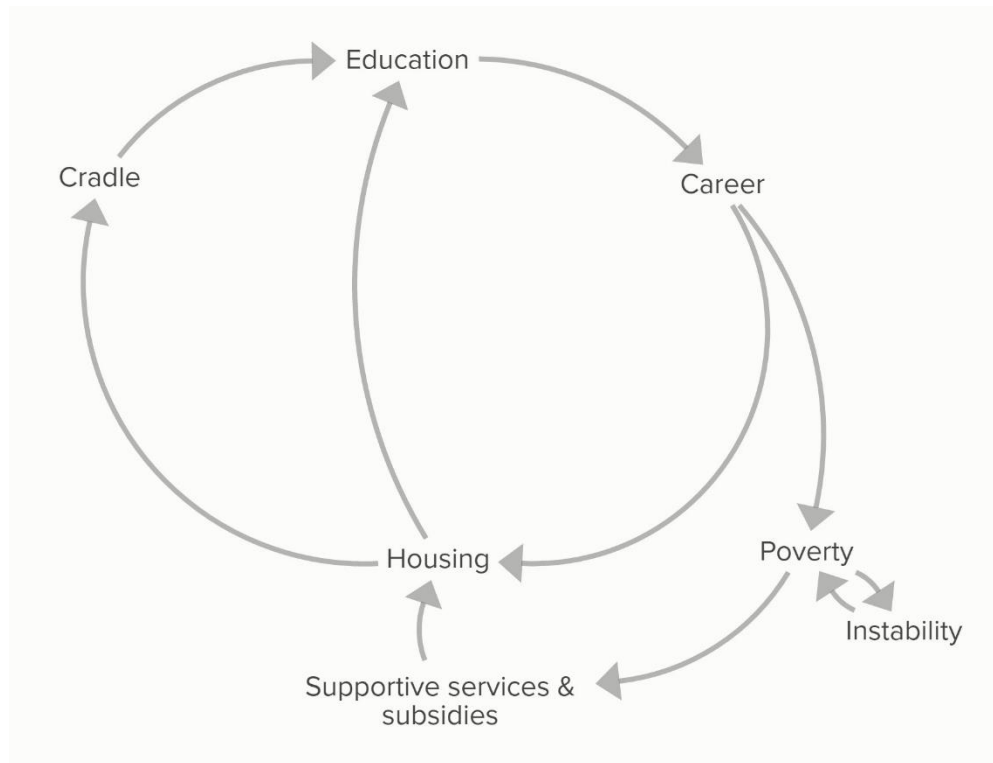
## The Affordable Housing System

Figure 1.4 Funding and authority in affordable housing



In Sioux Falls, affordable housing is a textbook case of opportunity for collective impact. Given the necessary infrastructure and facilitation, affordable housing stakeholders could come together to help all children thrive from cradle to career (Figure 1.5). When it works well, the affordable housing sector provides supportive services and subsidies that bridge the gap for families who face unemployment or low wages. They ensure that all children begin life and move from cradle to career with safe, stable housing, which is a basic human need and the foundation for future success. Designed as successful interventions, supportive services and subsidies can break the cycle of instability, trauma, and disrupted education that keeps some families in poverty generation after generation.

**Figure 1.5 Affordable housing is a piece of cradle to career**



## 2 POPULATION PATTERNS AND PROJECTIONS

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### KEY FINDINGS

#### 2.1 Demographic patterns

In early 2016, the city of Sioux Falls was home to an estimated 173,000 people in 69,100 households. Population and household growth has been strong, due primarily to natural increase. Since 2010, on average, Sioux Falls has added about 3,500 people and up to 1,240 households annually. Within the four-county Sioux Falls Metropolitan Statistical Area (MSA), the jurisdictions outside of the city of Sioux Falls have added over 1,000 people and 550 households annually. Although most age ranges have increased in size, growth has been strongest among millennials, baby boomers, and children.

Sioux Falls continues to grow more diverse. Although 85% of people in Sioux Falls identify as white, minority populations are growing faster than the white population. The two largest minority groups in Sioux Falls are black (9,251 people, 56% of whom are foreign-born) and Native American (3,808 people). Between 2010 and 2015, the number of white households grew 10.5%, compared to 51.4% for black households and 30.0% for all other races combined.

Current population estimates show continued strong population and household growth in the Sioux Falls area. Projections estimate average annual household growth in Sioux Falls will be approximately 1,330 households. Outside of Sioux Falls, projected growth is 650 households per year. Household growth will remain strongest among millennials (ages 35 to 44 by 2021) and among baby boomers (ages 65 to 74 by 2021).

#### 2.2 Income and employment trends

Overall, median income in Sioux Falls has remained steady since 2010, but this apparent stability masks change in the distribution of income. Since 2010, Sioux Falls has seen an increase in the number of high-income households (\$100,000 or more) and low-income households (\$25,000 or less). At the same time, the number of moderate-income households has been static. Over the next five years, Sioux Falls is projected to lose 1,900 moderate-income households with incomes between \$35,000 and \$75,000, dropping the proportion of the population in this income range from 35% to less than 30%. In both the city of Sioux Falls and the MSA, there is a pattern of income polarization; the area is adding households with higher incomes and lower incomes but losing households in the moderate income ranges.

Compared to statewide averages, household income in Sioux Falls is relatively high. Household income is higher in the MSA than in the city of Sioux Falls and higher among families than non-family households. In the city of Sioux Falls, median household income is approximately \$53,802. For the Sioux Falls MSA, it is slightly higher at approximately \$59,844. Families (households with two or more related members) generally have higher income levels than non-family households. The estimated median family income was approximately \$69,986 in the city of Sioux Falls and again slightly higher (\$74,632) for the entire MSA.

Certain household and family characteristics are correlated with higher income, especially characteristics that indicate greater household stability, more income earners, and participation in the work force.

- Homeowner households have significantly higher annual income levels than renter households.
- Families generally have higher income levels than non-families, except single-parent families.
- Households with two or more people tend to have substantially higher income levels than one-person households.
- Households headed by a person between the ages of 25 and 64 tend to have much higher income levels than households that are older or younger.
- White and Asian households have higher income levels than households of other races.

Unemployment has been on a steady decline since 2010 and is now lower than at any point in the last decade. The latest figures show Sioux Falls with the lowest unemployment in the country, with a rate of 2.1%. Through 2021, projected job growth will be strongest in the health care industry but is not expected to change existing income dynamics. Income projections through the year 2021 continue to forecast the disparity that has been evolving in recent years, with a growing number of households in the higher income ranges, a growing number of households in the lower income ranges, and a decreasing number of households in the more moderate income ranges.

### 2.3 Families and children

Families with children make up a significant proportion of Sioux Falls households, and this study finds widespread community support for initiatives that help children thrive. Approximately 29% of the households in Sioux Falls include one or more children under 18 years of age. The Sioux Falls School District reports total K-12 enrollment of both public and non-public school students in the city of Sioux Falls is 24,330.

Families with children are more likely to experience financial hardship than families without children. In the city of Sioux Falls, 9% of all households have income levels below poverty. However, the rate is higher among households with children: 14% fall below the poverty threshold. In Sioux Falls, nearly two-fifths (39%) of all school-age children are eligible for free or reduced lunch.

Children living with single parents are more likely to experience poverty and insecure housing. In Sioux Falls, 12,865 (63%) of households with children are headed by a married couple, while 7,606 (37%) are headed by a single adult. Of families below the poverty level, more than 72% were female-headed with no spouse present. Median income for married couple families with children is \$83,198 compared to \$25,938 for families headed by single mothers and \$39,569 for those headed by single fathers.

In Sioux Falls, 77% of the city's married couple families with children are dual earner families in which both husband and wife work, whereas 21% rely on a single earner. In nearly all married couple families (98%), one or both parents work. Most single parents are also employed: 82% of single women with children and 88% of single men with children are employed.

As inequality has increased, so has the proportion of low-income children. Between 2010 and 2015, while the total number of children increased by 13%, the number of children in poverty increased 48%. Growing inequality widens the chasm between parents who can afford to prioritize spending on quality housing in neighborhoods they see as advantageous to their children and those who cannot.



## 2.1 DEMOGRAPHIC PATTERNS

Sioux Falls continues to grow at a very rapid rate. Between 2000 and 2010, the city added nearly 30,000 new residents. During that decade, the entire Sioux Falls Metropolitan Statistical Area<sup>1</sup> (MSA) added more than 41,100 people. The city of Sioux Falls represented nearly 73% of the total population increase for the entire four-county MSA during that decade.

**Table 2.1 Population growth, 2000 - 2016**

	2000 Census	2010 Census	% Change 2000-2010	2016 Esri Estimate	% Change 2010-2016
Sioux Falls	123,975	153,888	24.1%	173,134	12.5%
MSA	187,093	228,261	22.0%	256,629	12.4%

Source: U.S. Census, Esri, Community Partners Research, Inc. (CPR)

Since 2010, Sioux Falls has added about 3,500 people annually.<sup>2</sup> For the MSA as a whole, growth has been around 4,500 people annually, or slightly over 1,000 people per year outside of Sioux Falls.<sup>3</sup> For 2016, the Sioux Falls population is estimated to be about 173,000, and the MSA population is estimated at around 250,000.<sup>4</sup>

Between 2010 and 2015, approximately 48% of the net growth in the MSA population was attributed to natural increase, as births exceeded deaths. Migration patterns accounted for the remaining increase. Domestic migration represented approximately 36% of the net population increase and international immigration approximately 15%. This represents an increase in natural increase and international migration since 2010, when 38% of the net growth over the previous decade had been due to natural increase, 53% to domestic migration, and 9% to international migration.

Household growth in Sioux Falls has also been very strong. Between 2000 and 2010, the city added nearly 12,000 households. Since then, the city has added an estimated 1,240 households per year, for an additional 7,400 households between 2010 and 2016.

<sup>1</sup> In 2010, the Sioux Falls MSA was expanded to include Lincoln, Minnehaha, McCook and Turner Counties. However, at the time of the 1990 and 2000 Censuses, the MSA only included Minnehaha and Lincoln Counties. In this report, 1990 and 2000 figures have been adjusted to use the current four-county geography.

<sup>2</sup> Esri, a private data service, estimates that Sioux Falls has added approximately 19,250 people since 2010, or approximately 3,200 residents per year. The Census Bureau estimated a population of 171,530 in Sioux Falls in 2015, an average of about 3,530 people being added per year.

<sup>3</sup> For the MSA, Esri estimates 28,350 new residents added between 2010 and 2016, for average annual growth of approximately 4,725 people per year. This would include an annual average of nearly 1,200 per year outside of Sioux Falls. The Census Bureau's 2015 estimate for the Sioux Falls MSA showed 252,234 people, reflecting an estimated average growth of about 4,790 people per year.

<sup>4</sup> In January 2016, the City estimate placed the population at 173,300 people. This estimate is very similar to the population estimate Esri. However, if the Census Bureau's 2015 estimate for Sioux Falls is trended forward, it would be higher than the City-generated estimate at about 175,000 for 2016. For the entire MSA, the City-generated estimate shows 250,250 people for 2016, lower than both the Esri and Census estimates for the MSA.

**Table 2.2 Household growth, 2000 - 2016**

	2000 Census	2010 Census	% Change 2000-2010	2016 Estimate	% Change 2010-2016
Sioux Falls	49,731	61,707	24.1%	69,125	12.0%
MSA	72,492	89,297	23.2%	100,046	12.0%

Source: U.S. Census, Esri, CPR

In the MSA as a whole, the total number of households grew by approximately 10,750 between 2010 and 2016, or about 1,790 annually. If the impact of Sioux Falls is removed, the remaining jurisdictions in the MSA have been averaging approximately 550 additional households per year.

In recent decades, most communities have seen faster growth in households than population as fewer children, an aging population, and more people living alone result in more (but smaller) households. Despite national trends, household size has remained relatively stable in Sioux Falls and the surrounding area.

**Table 2.3 Average household size, 2000 - 2016**

	2000 Census	2010 Census	2016 Estimate
Sioux Falls	2.40	2.40	2.42
MSA	2.50	2.50	2.49

Source: U.S. Census, Esri, CPR

Since 2000, average household size for the city of Sioux Falls has been consistently smaller than for the MSA. This pattern holds for the 2016 estimates: For Sioux Falls, the 2016 average household size was estimated to be 2.42 persons. For the entire MSA, the 2016 estimated household size is 2.49. These figures are not significant departures from previous years.

**Table 2.4 Household composition, Sioux Falls, 2010 - 2015**

	2010 Census	2015 ACS	Change
<b>Family households with children</b>			
Married couple with related children	12,894	13,188	2.3%
Single parent with related children	6,494	7,221	11.2%
Total families with related children	19,388	20,409	5.3%
<b>Family households without children</b>			
Married couple without children	15,153	18,551	22.4%
Other family without children	2,921	3,300	13.0%
Total families without children	18,074	21,851	20.9%
<b>Total family households</b>	<b>37,462</b>	<b>42,260</b>	<b>12.8%</b>
<b>Non-family households</b>			
Single person	18,887	21,964	16.3%
Two or more persons	5,358	5,389	0.6%
<b>Total non-families</b>	<b>24,245</b>	<b>27,353</b>	<b>12.8%</b>

Source: 2010 Census, 2015 American Community Survey 1-year estimates, CPR

Between 2010 and 2015, Sioux Falls added 4,798 family households and 3,108 non-family households. The growth in families occurred largely among households without children, which grew 20.9% while the number of families with children increased 5.3%. Among families with children, single parent families saw the greatest relative growth, increasing 11.2%. Growth in non-family households was due to more people living alone.

The Sioux Falls Planning Department expects the city to have 185,100 residents by 2020. Compared to the 2016 population estimate of 173,300, this projection implies average annual growth of less than 3,000 people per year, likely a conservative forecast. Esri projects annual growth of 3,370 for a projected 2021 population of 189,983.

**Table 2.5 Population projections to 2020/2021**

	<u>City of Sioux Falls</u>			<u>Esri</u>		
	2016 Estimate	2020 Projection	Average annual growth	2016 Estimate	2021 Projection	Average annual growth
Sioux Falls	173,300	185,100	2,950	173,134	189,983	3,370
MSA	250,250	248,300	*	256,629	282,923	5,260

Source: City Planning Department, Esri, CPR

\*Cannot be calculated because the 2020 projection has already been surpassed.

The MSA as a whole is projected to add approximately 5,260 per year through 2021. This projection assumes that nearly 36% of the future population growth will be in MSA jurisdictions outside Sioux Falls.

Household growth in the MSA is projected to accelerate over the coming years, especially in jurisdictions outside of Sioux Falls. According to Esri's projections, Sioux Falls itself will add approximately 1,330 households annually over the next five years.

**Table 2.6 Households projections to 2021**

	2016 Estimate	2021 Projection	Average annual growth
Sioux Falls	69,125	75,768	1,330
MSA	100,046	110,107	2,010

Source: City Planning Department, Esri, CPR

For the entire MSA, projected annual household growth is approximately 2,010. This projection anticipates approximately 34% of the annual increase in households will occur outside of Sioux Falls. For comparison, between the 2000 Census and the 2010 Census, approximately 31% of the MSA's household growth occurred outside of Sioux Falls.

According to age-based projections from Esri, approximately two-thirds of the total net increase in households in Sioux Falls between 2016 and 2021 will occur among millennials and baby boomers.

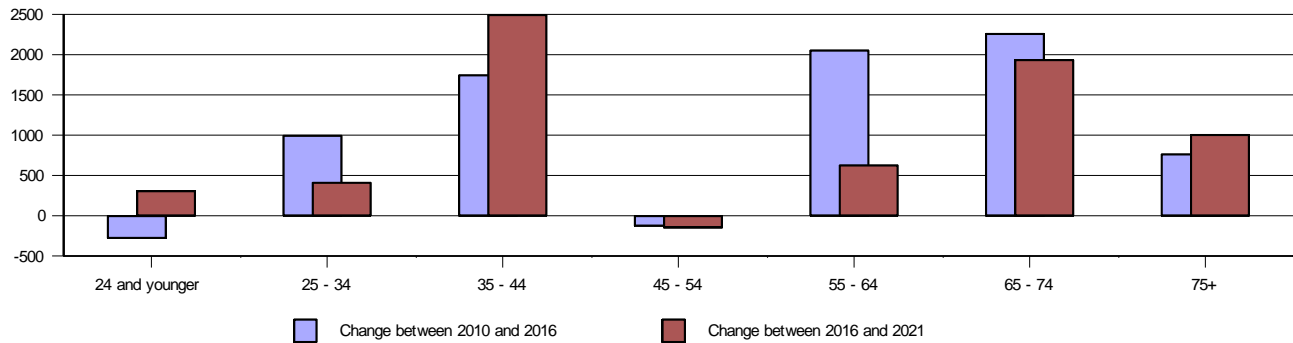
**Table 2.7 Sioux Falls households by age, 2010 - 2021**

Age	2010 Census	2016 Esri	Change 2010 to 2016	2021 Esri	Change 2016 to 2021
15-24	4,438	4,158	-280	4,466	+308
25-34	13,220	14,216	+996	14,630	+414
35-44	10,962	12,710	+1,748	15,205	+2,495
45-54	12,235	12,108	-127	11,962	-146
55-64	9,817	11,871	+2,054	12,500	+629
65-74	5,312	7,574	+2,262	9,510	+1,936
75+	5,723	6,488	+765	7,495	+1,007
Total	61,707	69,125	+7,418	75,768	+6,643

Source: U.S. Census, Esri, CPR

Sioux Falls has been successful in attracting and retaining younger households. The largest net increase is projected to occur among millennials, or households age 35 to 44 years old by 2021. Over the five-year projection period, nearly 2,500 additional households are expected within this younger adult range.

Additionally, more than 1,900 additional households are projected by 2021 in the senior citizen age range, ages 65 to 74 years. This largely represents the leading edge of the aging baby boom generation.

**Figure 2.1 Household change by age in Sioux Falls, 2010 - 2021**

Source: U.S. Census, Esri, CPR

Overall, households age 55 and older are expected to increase by more than 3,570 households over the five-year period. Households age 54 and younger are projected to increase by approximately 3,070 total households, due primarily to the expected increase in the 35 to 44 year old range.

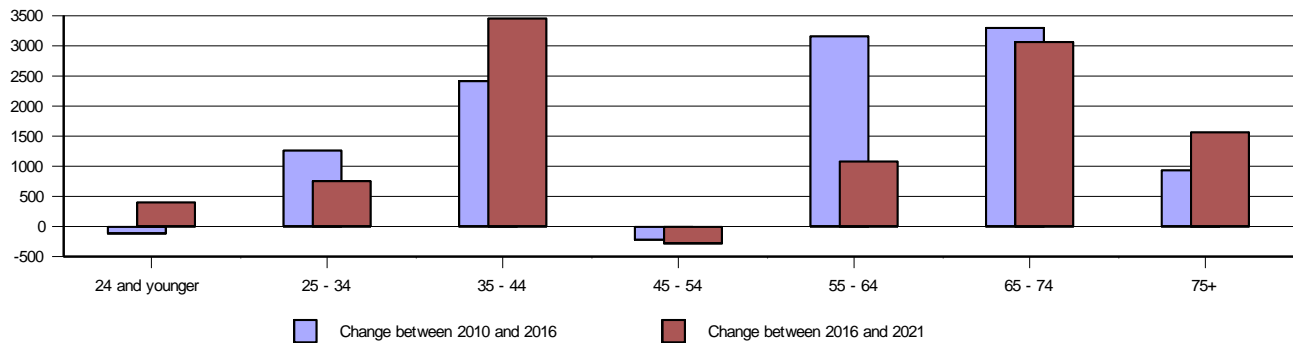
Age-based patterns projected in Sioux Falls are mirrored across the entire MSA. The younger adult group, age 35 to 44, and the younger senior group, age 65 to 74, account for approximately 65% of the total projected increase in households.

**Table 2.8 MSA households by age, 2010 - 2021**

Age	2010 Census	2016 Esri	Change 2010 to 2016	2021 Esri	Change 2016 to 2021
15-24	5,331	5,215	-116	5,619	+404
25-34	17,950	19,216	+1,266	19,974	+758
35-44	16,292	18,710	+2,418	22,169	+3,459
45-54	18,593	18,368	-225	18,085	-283
55-64	14,661	17,825	+3,164	18,909	+1,084
65-74	8,022	11,326	+3,304	14,396	+3,070
75+	8,448	9,386	+938	10,955	+1,569
Total	89,297	100,046	+10,749	110,107	+10,061

Source: U.S. Census, Esri, CPR

According to Esri, more than half of the MSA's household growth will be among older adults age 55 or older by 2021: more than 5,700 additional households will be added in the age ranges 55 and older by 2021, while net growth of approximately 4,330 households is projected in the age ranges 54 and younger.

**Figure 2.2 Household change by age in MSA, 2010 - 2021**

Source: U.S. Census, Esri, CPR

In Sioux Falls, population growth has occurred across races.<sup>5</sup> In numeric terms, the white population showed the largest growth, adding more than 12,000 people between 2010 and 2015. However, in percentage terms, this was an increase of about 9%, while the total citywide population increased by an estimated 11.5%. This suggests the population of other races is increasing faster than the white population.

Data support this supposition: the black population increased by 2,757 people, or 42.5%. In both 2010 and 2015, black residents made up the largest racial minority group in Sioux Falls.

**Table 2.9 Sioux Falls population estimates by race**

	2010 Census	2015 Estimate	Numeric Change	Percentage Change
White	133,572	145,668	12,096	9.1%
Black/African American	6,494	9,251	2,757	42.5%
Native American	4,092	3,808	-284	-6.9%
Asian/Hawaiian/Pacific Islander	2,874	3,358	608	16.8%
Other Race Alone	3,021	5,460	2,439	80.7%
Two or more races	3,835	3,985	150	3.9%
Total	153,888	171,530	17,642	11.5%

Source: 2010 Census, 2015 American Community Survey 1-year estimates, CPR

According to the American Community Survey, approximately 44% of the city's black population was born in the United States, while about 56% was foreign-born. This information would generally be consistent with a growing population of international immigrants to Sioux Falls over the past several years.

In total in 2015, approximately 15.1% of all Sioux Falls residents identified with a race other than white, an increase from 13.2% in 2010.

<sup>5</sup> The one exception to the growth trend across races is among Native Americans, who appear to have decreased in number between 2010 and 2015. However, the numeric change is well within the margin of error, so this apparent decrease may reflect measurement error. It could also be due to redistribution of some residents previously identified as Native American into the category "other race alone," which saw marked growth.

Additionally, an estimated 5.5% of Sioux Falls residents identify as Hispanic or Latino, up from 4.4% in 2010.

**Table 2.10 Sioux Falls population estimates by ethnicity, 2010 - 2015**

	2010 Census	2015 Estimate	Numeric Change	Percentage Change
Total Hispanic/Latino	6,827	9,388	2,561	37.5%
Total non-Hispanic/Latino	147,061	162,142	15,081	10.3%
White non-Hispanic/Latino	130,577	141,390	10,813	8.3%
Non-white non-Hispanic/Latino	16,484	20,752	4,268	25.9%

Source: 2010 Census, 2015 American Community Survey 1-year estimates, CPR

Place of birth estimates show that nearly 78% of the city's Hispanic/Latino residents were born in the United States, while approximately 22% were foreign-born.

For the most part, household growth patterns reflect overall population changes. Between 2010 and 2015, white households increased by 5,921 total households, or 10.5%. This rate is lower than the citywide rate of household growth (12.8%) due to more rapid increase in households of other races.

Black households increased substantially in number between 2010 and 2015, and the percentage increase was more than 50%. This rapid household growth mirrors population growth trends for the black population in Sioux Falls.

Other races averaged 30% household growth between 2010 and 2015, increasing more rapidly than white households by not nearly as rapidly as black households.<sup>6</sup>

**Table 2.11 Sioux Falls household estimates by race and ethnicity, 2010 - 2015**

	2010 Census	2015 Estimate	Numeric Change	Percentage Change
White	56,503	62,424	5,921	10.5%
Black/African American	1,975	2,990	1,015	51.4%
All other races combined	3,229	4,199	970	30.0%
Hispanic/Latino - any race	1,704	2,330	626	36.7%
Non-Hispanic/Latino - any race	60,003	67,283	7,280	12.1%
Total	61,707	69,613	7,906	12.8%

Source: 2010 Census, 2015 American Community Survey 1-year estimates

The American Community Survey also showed an approximately 36.7% increase in the number of Hispanic/Latino households between 2010 and 2015. This household growth is consistent with population growth trends for the Hispanic/Latino population in Sioux Falls.

<sup>6</sup> Disaggregated estimates are not available for other races, including Native Americans, likely due to an insufficient number of respondents in those categories.

## 2.2 INCOME AND EMPLOYMENT TRENDS

As reported by the Census Bureau, the median household income within the city of Sioux Falls was \$53,802 in the year 2015. The median level for the MSA as a whole was higher, at \$59,844. Note that median income represents the midpoint for all households: half of the households have higher incomes, and half have lower.

**Table 2.12 Median income, Sioux Falls and MSA, 2015**

	Median Household	Median Family
Sioux Falls	\$53,802	\$69,986
MSA	\$59,844	\$74,632

Source: 2015 ACS 1-year estimates, CPR

Since families by definition must have two or more household members, they tend to have higher incomes.<sup>7</sup> As expected, the median family income was higher, at \$69,986 within Sioux Falls and \$74,632 for the entire MSA.

Between 2008 and 2015, real median income (adjusted for inflation) declined slightly: over those five years, median income in the city fell 8% and in the MSA fell 4.5%, or around 1% per year.

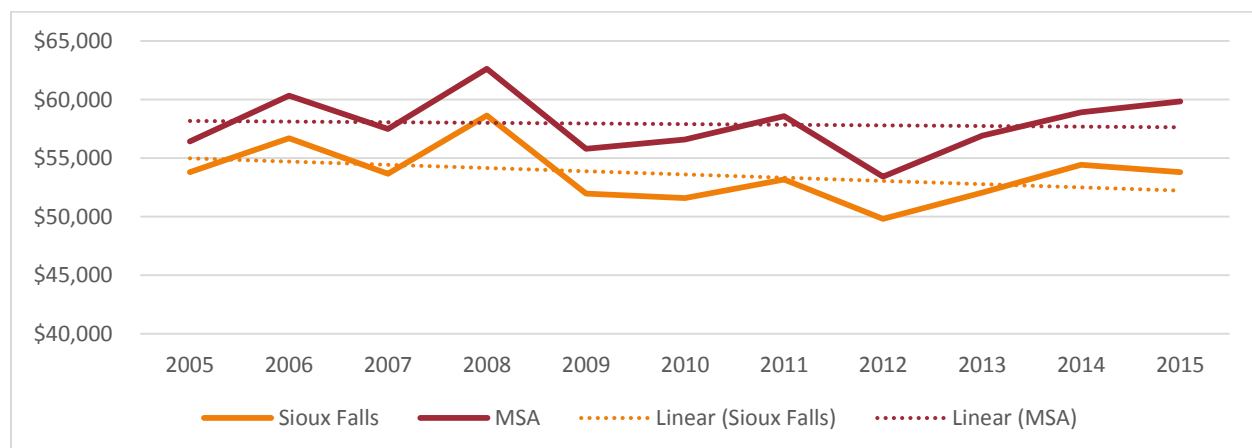
**Table 2.13 Real median household income, 2010 – 2015 (in 2015 inflation-adjusted dollars)**

	Median Household 2008	Median Household 2015	Percent Change
Sioux Falls	\$58,627	\$53,802	-8.0%
MSA	\$62,628	\$59,844	-4.5%

Source: ACS 1-year estimates 2008, ACS 1-year estimates 2015

Trend data for the last decade likewise show slightly negative growth in real median income since 2005.

**Figure 2.3 Real median household income, 2005 - 2015 (in 2015 inflation-adjusted dollars)**



<sup>7</sup> A family is a subset of all households, requiring that two or more individuals in the household are related. See Glossary.



Despite a slight decline, real median income has remained fairly steady overall; however, the income distribution has changed. Comparing the distribution of income in 2008 to 2015, it appears that the number of lower income households has continued to grow. Growth appears especially strong among households with an annual income below \$25,000.

**Table 2.14 Household income distribution, 2008 - 2015**

Annual Income	Number of Households 2008	Number of Households 2015	Change	% Change
Less than \$15,000	7,228	8,054	+826	11%
\$15,000 - \$24,999	4,752	7,128	+2,376	50%
\$25,000 - \$34,999	6,918	6,973	+55	1%
\$35,000 - \$49,999	9,667	10,082	+415	4%
\$50,000 - \$74,999	14,077	13,646	-431	-3%
\$75,000 - \$99,999	9,260	9,077	-183	-2%
\$100,000+	8,917	14,653	+5,736	64%
Total	60,819	69,613	+8,794	

Source: ACS 1-year estimates 2008, ACS 1-year estimates 2015

At the other end of the income spectrum, Sioux Falls saw solid growth in the number of households with an annual income of \$100,000 or more. In 2008, fewer than 15% of all households in Sioux Falls were in this higher income range, but by 2015, over 21% had an income of \$100,000 or more.

These data suggest that inequality in Sioux Falls is growing as income polarizes. While the American Community Survey reported growth at both the upper end and the lower end of the income spectrum, the share of households in the more moderate income ranges decreased. This was especially true in the \$50,000 to \$75,000 annual income range. In 2008, approximately 23% of households were at this level, but by 2015, only about 19% of the households in Sioux Falls were in this moderate range.

The same income patterns are evident in the MSA as a whole, which experienced growth in the number of households with an income below \$35,000 or above \$75,000, but a decrease in households earning \$35,000 to \$75,000.

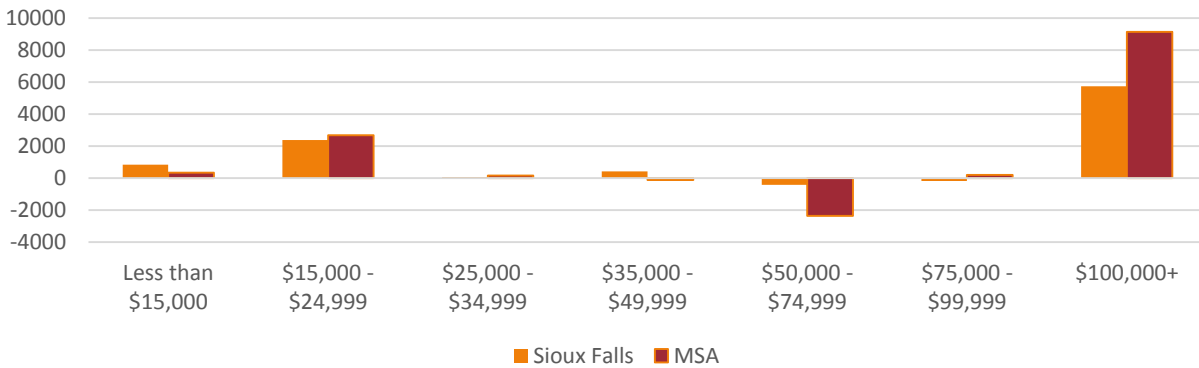
**Table 2.15 MSA household income distribution, 2008 - 2015**

Income	Number of Households 2008	Number of Households 2015	Change	% Change
Less than \$15,000	9,259	9,595	+336	4%
\$15,000 - \$24,999	6,573	9,250	+2,677	41%
\$25,000 - \$34,999	9,525	9,678	+153	2%
\$35,000 - \$49,999	13,315	13,194	-121	-1%
\$50,000 - \$74,999	21,582	19,209	-2,373	-11%
\$75,000 - \$99,999	14,162	14,351	+189	1%
\$100,000+	13,857	22,996	+9,139	66%
Total	88,273	98,273	+10,000	

Source: ACS 1-year estimates 2008, ACS 1-year estimates 2015

In fact, the trend toward income polarization appears even more dramatic for the MSA as a whole, which lost an estimated 2,373 moderate-income households (\$50,000 to \$74,999) and added 9,139 high-income households (\$100,000+).

**Figure 2.4 Change in households by income, 2008 – 2015**



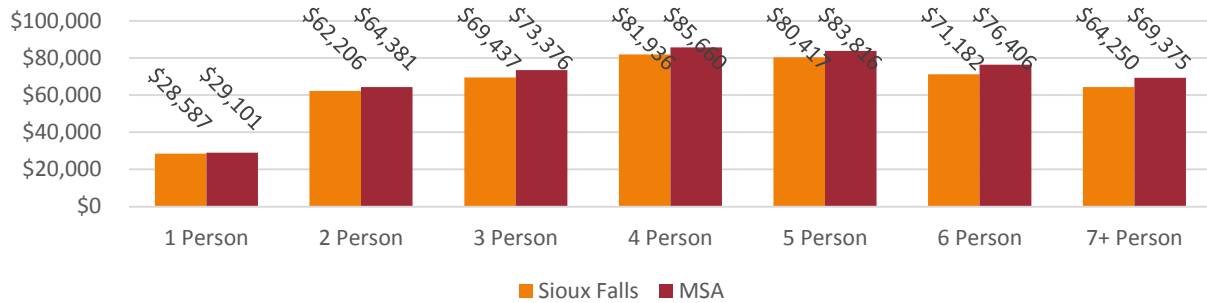
Source: ACS 1-year estimates 2008, ACS 1-year estimates 2015

Median income tends to vary with household size. As expected, one-person households have the lowest median income level. However, the median income more than doubles when a second household member is present and continues to increase up to households with four members, after which it begins to decrease. Households with seven or more members have the third lowest median income level.

**Table 2.16 Median income by household size, 2015**

Household Size	Sioux Falls	Sioux Falls MSA
One Person	\$28,587	\$29,101
Two Person	\$62,206	\$64,381
Three Person	\$69,437	\$73,376
Four Person	\$81,936	\$85,660
Five Person	\$80,417	\$83,816
Six Person	\$71,182	\$76,406
Seven + Person	\$64,250	\$69,375
Median - All Households	\$52,494	\$57,889

Source: ACS 5-year estimates 2015, CPR

**Figure 2.5 Median income by household size, 2015**

Source: ACS 5-year estimates 2015, CPR

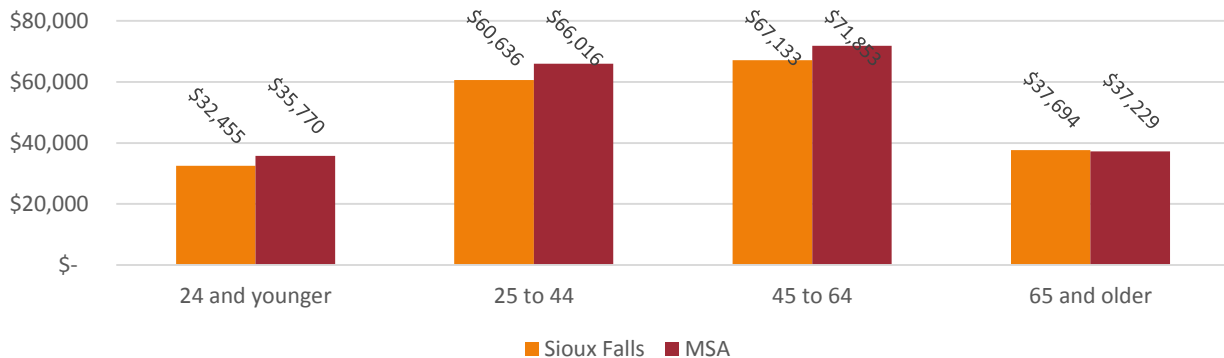
Median income also varies by age. Households headed by working-age adults (ages 25 to 64) have the highest incomes.

**Table 2.17 Median household income by age, 2015**

Age Range	Sioux Falls	Sioux Falls MSA
24 and younger	\$32,455	\$35,770
25 to 44	\$60,636	\$66,016
45 to 64	\$67,133	\$71,853
65 and older	\$37,694	\$37,229
Median - All Households	\$53,802	\$59,844

Source: ACS 1-year estimates 2015

In Sioux Falls, the median income for households age 25 to 44 years old is more than \$25,000 above the level for households age 24 and younger. The median income peaks for households age 45 to 64 years old, then falls as households move into retirement.

**Figure 2.6 Median income by age of householder, 2015**

Source: ACS 1-year estimates 2015

Median income varies significantly by race. On average in Sioux Falls, Asian and white households have the highest median household and family incomes, while Native American households have the lowest.

The estimated median income for Native American households is \$21,928, and the median for Native American families is \$17,614. The largest racial minority in Sioux Falls, black households, had a median income of \$29,017, well below the citywide median. The median for black families was only slightly higher, at \$31,133.

**Table 2.18 Median household and family income levels by race and ethnicity, 2015**

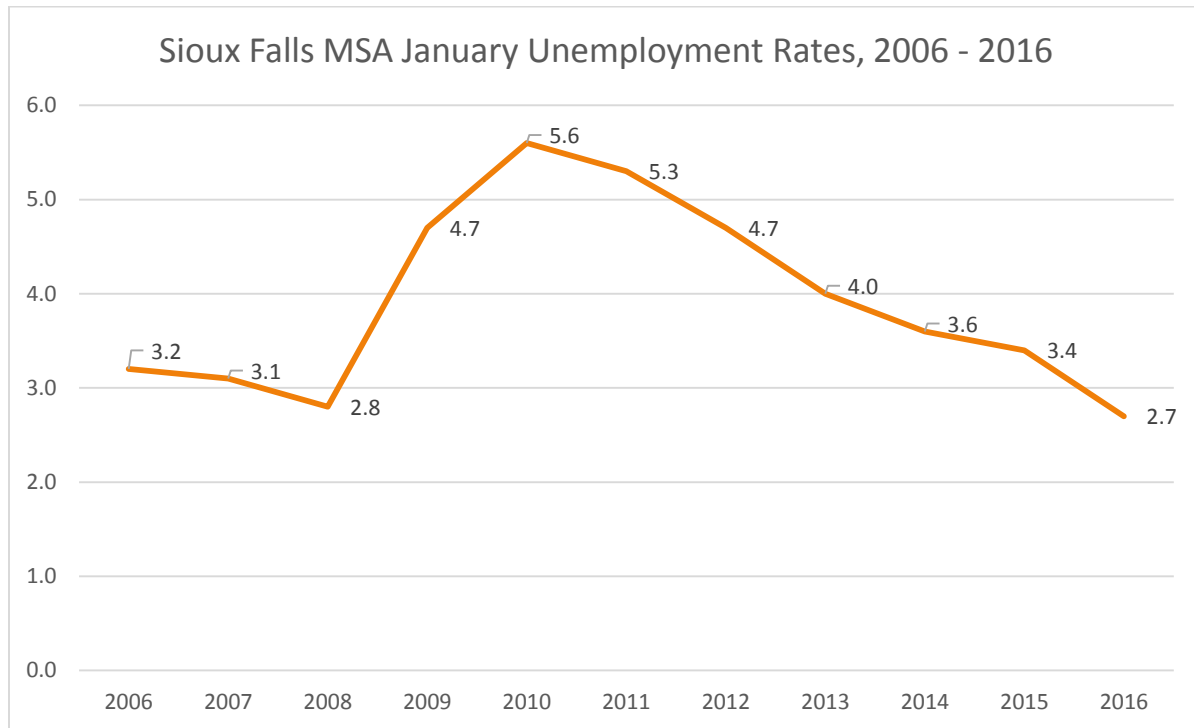
Race/Ethnicity	Median Household	Median Family
White	\$55,602	\$72,580
Black/African American	\$29,017	\$31,133
Native American	\$21,928	\$17,614
Asian	\$65,976	\$72,528
Other Race	\$41,138	\$27,069
Two or More Races	\$33,733	\$33,006
Hispanic/Latino - any race	\$47,520	\$46,034
Sioux Falls - all households	\$52,494	\$68,785

Source: ACS 5-year estimates 2015

Hispanic/Latino households and families were also below the citywide median, but generally above most of the other minority groups. Hispanic/Latino households of any race had a median household income of \$47,520, about \$5,000 below the citywide median. Hispanic/Latino families actually had a lower median income than households, although the difference was less than \$2,000.

In terms of employment and job growth, Sioux Falls continues to perform well. The latest unemployment figures from the Bureau of Labor Statistics show the Sioux Falls MSA as having the lowest unemployment rate in the country, immediately ahead of the Fargo and Bismarck MSAs.<sup>8</sup> Whereas the overall unemployment rate in the United States was 5.0%, Sioux Falls unemployment in August was just 2.1%.

<sup>8</sup> Local Area Unemployment Statistics, Unemployment Rates for Metropolitan Areas, Monthly Rankings, Not Seasonally Adjusted, August 2016

**Figure 2.7 MSA unemployment rates, 2006 - 2016**

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

In the Sioux Falls area, unemployment has been on a steady decline since 2010, and it is now lower than at any point in the last decade.

Over half of all employees in Sioux Falls work in one of the area's top five occupations: office and administrative support, sales, food preparation and serving, healthcare, or transportation.

**Table 2.19 Employment by occupational group - Sioux Falls MSA, May 2015**

<b>Occupations</b>	<b>Employment</b>	<b>Annual Median Wage</b>
All Occupations	147,130	\$32,420
Office and Administrative Support Occupations	25,140	\$29,070
Sales and Related Occupations	17,540	\$30,340
Food Preparation and Serving Related Occupations	13,150	\$19,510
Healthcare Practitioners and Technical Occupations	12,830	\$53,330
Transportation and Material Moving Occupations	10,770	\$28,830
Production Occupations	10,330	\$30,430
Business and Financial Operations Occupations	7,760	\$58,870
Construction and Extraction Occupations	7,120	\$35,730
Education, Training, and Library Occupations	5,930	\$38,950
Installation, Maintenance, and Repair Occupations	5,340	\$41,520
Building and Grounds Cleaning and Maintenance Occupations	5,190	\$22,890
Personal Care and Service Occupations	5,070	\$22,790
Management Occupations	4,290	\$99,630
Healthcare Support Occupations	3,850	\$26,390
Computer and Mathematical Occupations	3,780	\$58,060
Community and Social Service Occupations	2,150	\$38,100
Arts, Design, Entertainment, Sports, and Media Occupations	2,040	\$36,890
Protective Service Occupations	1,900	\$36,750
Architecture and Engineering Occupations	1,410	\$62,500
Life, Physical, and Social Science Occupations	830	\$60,280
Legal Occupations	610	\$61,180
Farming, Fishing, and Forestry Occupations	120	\$30,350

Source: Bureau of Labor Statistics, Occupational Employment Statistics, May 2015 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates

Over the next five years, the bulk of employment growth is expected to come from the healthcare industry. Although some healthcare occupations carry high salaries (e.g., \$53,300 for healthcare practitioners and technical occupations), the industry also includes a swath of lower wage support occupations (e.g., \$22,790 for personal care and service occupations and \$26,390 for healthcare support occupations). Therefore, growth in the healthcare industry will likely reinforce existing income dynamics.

**Table 2.20 Projected employment by industry, 2012 - 2022**

<b>Industry</b>	<b>2012 Estimated Employment</b>	<b>2022 Projected Employment</b>	<b>Total 2012-2022 Employment Change</b>
Total, All Industries	151,535	167,250	15,715
Health Care and Social Assistance	25,350	29,455	4,105
Finance and Insurance	14,335	15,815	1,480
Retail Trade	17,390	18,795	1,405
Construction	6,590	7,880	1,290
Manufacturing	12,975	14,150	1,175
Accommodation and Food Services	10,800	11,955	1,155
Administrative and Support and Waste Management and Remediation Services	6,175	7,235	1,060
Professional, Scientific, and Technical Services	4,725	5,620	895
Wholesale Trade	7,520	8,295	775
Educational Services	8,315	8,990	675
Total Self-Employed and Unpaid Family Workers, Primary Job	8,660	8,985	325
Arts, Entertainment, and Recreation	2,440	2,735	295
Transportation and Warehousing	4,580	4,860	280
Government	6,590	6,810	220
Management of Companies and Enterprises	1,865	2,030	165
Other Services (except Public Administration)	5,335	5,495	160
Real Estate and Rental and Leasing	1,460	1,600	140
Information	2,725	2,765	40
Utilities	320	360	40
Agriculture, Forestry, Fishing and Hunting	3,320	3,330	10

Source: Industry Projections (Long-term) for Multiple Industries in Sioux Falls, SD MSA, 2012-2022, Labor Market Information Center, SD Dept. of Labor & Regulation

According to Esri's projections, median household income is expected to increase over the next five years. In Sioux Falls, the projected five-year increase in median household income is more than 16%, which would put median income above \$61,000 by 2021. Compared to recent patterns of stability in median income, this projection is possible but ambitious.

**Table 2.21 Median household income projections, 2016 - 2021**

	Median Household 2016	Median Household 2021	Percent Change
Sioux Falls	\$52,479	\$61,043	16.3%
MSA	\$55,820	\$65,115	16.7%

Source: Esri, CPR

Projected income gains are concentrated in the moderate to higher income ranges of \$50,000 or more. By 2021, the proportion of households with incomes at or above \$50,000 is expected to increase from 53% to nearly 62%. Projected growth is especially strong for households with an income of \$100,000 or more.

**Table 2.22 Projected income distribution in Sioux Falls, 2016 - 2021**

Income	Number of Households 2016	Number of Households 2021	Change
Less than \$15,000	6,924	7,461	+537
\$15,000 - \$24,999	6,083	6,331	+248
\$25,000 - \$34,999	8,307	8,916	+609
\$35,000 - \$49,999	11,374	6,416	-4,958
\$50,000 - \$74,999	13,028	16,079	+3,051
\$75,000 - \$99,999	9,329	11,696	+2,367
\$100,000+	14,079	18,870	+4,791
Total	69,124	75,769	+6,645

Source: Esri, CPR

Projections also expect an increase in the number of households in the lower income ranges. Between 2016 and 2021, Esri projects Sioux Falls will add nearly 1,400 lower income households, or an increase of between 6% and 7%. That increase would average to about 150 households per year with incomes below \$25,000 and another 120 households per year with incomes between \$25,000 and \$35,000. For affordable housing providers, this means an expected 270 additional households per year in income ranges served by affordable housing programs.

At the same time, the number of moderate-income households is expected to decrease, with a large decrease expected in the number of households with an annual income between \$35,000 and \$50,000.

## 2.3 FAMILIES AND CHILDREN

Families with children make up a significant proportion of Sioux Falls households, and this study finds widespread community support for initiatives that help children thrive. Focus groups and stakeholder interviews revealed general agreement within the community that affordable housing policy should prioritize the wellbeing of children and families with children. Approximately 29% of the households in Sioux Falls include one or more children under 18 years of age. The Sioux Falls School District reports total enrollment of both public and non-public school students is 24,330. This section examines the circumstances of families and children in Sioux Falls.



Families with children are more likely to experience financial hardship than families without children. In the city of Sioux Falls, 9% of all families are below poverty. However, the rate is higher among families with children: 14% fall below the poverty threshold. Put another way, almost 4 in 5 families below poverty have children, compared to half of families at or above poverty. In that sense, addressing the needs of children requires addressing the needs of low-income families and vice versa.

**Table 2.23 Poverty among families with and without children, 2015**

	Total families		With children	
Below poverty	3,580	9%	2,845	14%
At or above poverty	36,813	91%	17,626	86%
Total	40,393	100%	20,471	100%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B17010

Note: In 2015, the poverty threshold used by the Census was \$24,257 for a family of four. This number is similar to but not the same as the federal poverty guidelines set by the Department of Health and Human Services. In 2015, the HHS poverty guideline for a family of four was \$24,250; for 2016, it is \$24,300, the same threshold HUD uses to define 30% of area median family income (MFI).

The poverty threshold used is set at a very low level, so it may underestimate the number of families facing financial hardship. A commonly used alternative measure is the percentage of students eligible for free or reduced price school lunch. The income eligibility cut-off for free meals is 130% of federal poverty guidelines; for reduced price meals, it is 185%.

In Sioux Falls, nearly two-fifths (39%) of all school-age children are eligible for free or reduced lunch. True rates of student eligibility may be closer to the 42% seen among elementary students. Typically, application rates for free or reduced lunch decrease as students age, but this drop is more often due to social pressure than absence of need.

**Table 2.24 Low-income school-age students eligible for free or reduced lunch, 2016**

	Enrollment	Low income	Percent low income
Elementary	12,191	5,167	42%
Middle school	5,326	2,040	38%
High school	6,813	2,176	32%
Total	24,330	9,383	39%

Source: Sioux Falls School District Title I School Selection for Program Year 2016-17, records dated 1/14/2016. Numbers reflect both public and non-public students.

Children's financial circumstances depend on a variety of factors, including family composition. Children living with single parents are more likely to experience poverty and insecure housing.

**Table 2.25 Family composition of households with children, at and below poverty, 2015**

	All households with children		Below poverty	
Married couple	12,865	63%	511	18%
Single female	5,912	29%	2,050	72%
Single male	1,694	8%	284	10%
Total	20,471	100%	2,845	100%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B17010

In the city of Sioux Falls, 63% of households with children are headed by a married couple. Over one-fourth (29%) are headed by a single woman, and another 8% are headed by a single man. In other words, 37%, or over one-third, of households with children in Sioux Falls are headed by a single adult.

Among households with children below poverty, nearly three-fourths (72%) are headed by single women. Only 18% are headed by a married couple.

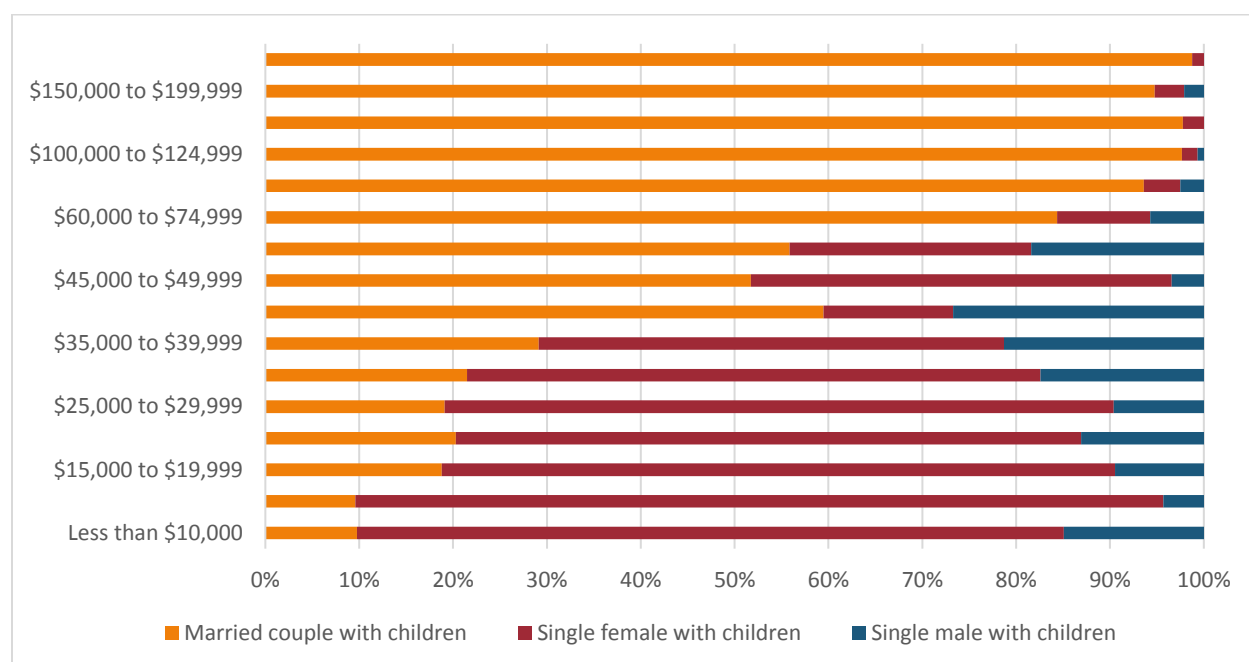
Median income for married couple families is much higher than for families headed by a single adult. In fact, married couples with children tend to be better off than the average household in Sioux Falls. The median income for a married couple family with children is \$83,198, compared to \$68,785 for all families in the city.

**Table 2.26 Median family income for households with children, 2015**

Married couple family	\$ 83,198
Single female	\$ 25,938
Single male	\$ 39,569

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B19126

As Figure 2.8 shows, married couples with children make up the vast majority of families earning \$40,000 or more annually, whereas families with incomes below \$40,000 are much more likely to be headed by a single parent.

**Figure 2.8 Household type by income level (Sioux Falls city)**

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B19131

In large part, this difference in income is due to the fact that most married couple families in Sioux Falls are dual earner families. In most married couple families (77%), both husband and wife work. In nearly all married couple families (98%), at least one parent works.

**Table 2.27 Employment status for families with children, 2015**

Families with children	19,587	
Married couple families with children	12,490	
Husband and wife employed	9,619	77%
One parent works	2,591	21%
Single female with children	5,479	
Employed	4,476	82%
Single male with children	1,618	
Employed	1,417	88%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B23007 (City of Sioux Falls)

Note: Households headed by a single adult include cohabiting adults who are not married. In some cases, an unmarried partner or a relative may contribute additional income to the family.

Most single parents are also employed: 82% of single women with children and 88% of single men with children are employed. Nevertheless, with only one earner, single-parent families have much lower incomes than married couples. The median income for a single father is \$39,569; for a single mother, it is \$25,938.

In sum, economic hardship in Sioux Falls tends to be higher among families with children, and it is especially concentrated among single parents, particularly single mothers.

Further, evidence suggests that increasing income inequality has resulted in a growing proportion of low-income children. Between 2010 and 2015, the estimated number of children in Sioux Falls grew from 34,624 to 39,158, a 13% increase. During the same time period, the estimated number of children in poverty increased from 4,375 to 6,473, a 48% increase.

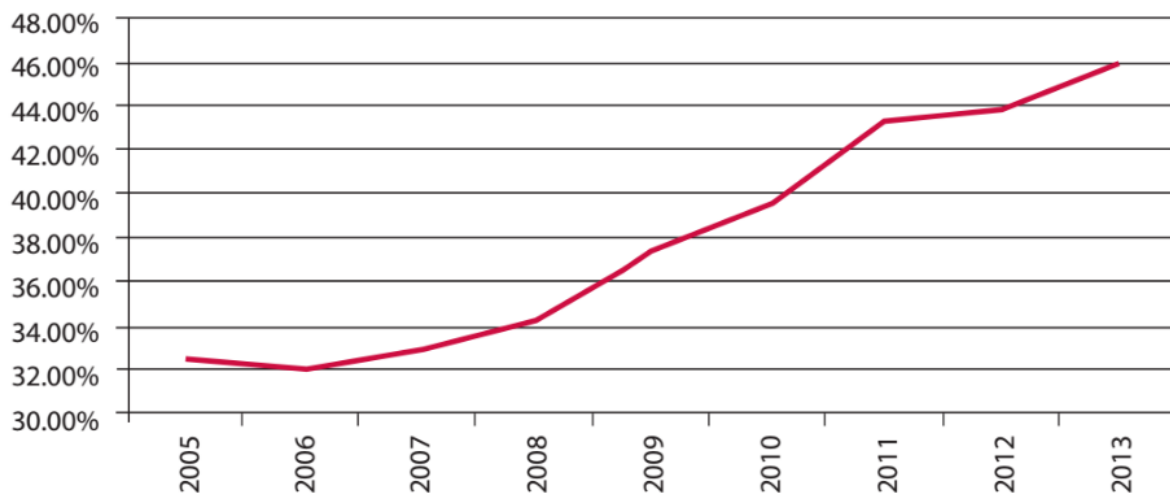
**Table 2.28 Children below poverty, 2010 - 2015**

	2010	2011	2012	2013	2014	2015	% Change 2010-15
Children below poverty	4,375	5,001	5,334	5,115	5,731	6,473	48%
Total children	34,624	36,091	36,455	37,419	38,256	39,158	13%

Source: U.S. Census, ACS 5-year estimates, Table B05010

In the Sioux Falls School District, the percentage of students receiving free or reduced lunches has also been growing. Between 2005 and 2013, the percentage of eligible students grew from 32.54% to 45.85%.

**Figure 2.9 Percentage of SFSD students eligible for free or reduced lunch, 2005 - 2013**



Source: Rodney Hair, Kathryn Birkeland, and Mariah Bloom, "Enrollment Projections and Demographic Study for the Sioux Falls School District, July 2014," Government Research Bureau, W. O. Farber Center for Civic Leadership, University of South Dakota.

The same trend has been observed nationwide: income inequality and income segregation have been rising faster among households with children than households without. As income inequality grows, so does the gap between where families with high and low incomes can afford to live. The relationship between income inequality and income segregation is twice as large among households with children as those without. In fact, some research suggests that recent increases in income segregation are solely the result of increasing income segregation among families with children, with no change among households

without children. In other words, as income inequality increases, high- and low-income children grow up in increasingly separate worlds.<sup>9</sup>

Widening inequality has significant implications for children and their future prospects. There is a widening chasm between parents who can afford to prioritize spending on a home in a neighborhood they see as advantageous to their children and parents who cannot. The relationship between neighborhood quality and childhood outcomes is well documented. Research has demonstrated a connection between neighborhood quality and children's psychological wellbeing, test scores, educational attainment, and teen pregnancy.<sup>10</sup> Experts have suggested that rising income segregation among families with children could also account for the growing economic achievement gap.<sup>11</sup>

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<sup>9</sup> Ann Owens, "Inequality in Children's Contexts Income Segregation of Households with and without Children," *American Sociological Review* 81, no. 3 (2016): 549–574.

<sup>10</sup> Jeanne Brooks-Gunn et al., "Do Neighborhoods Influence Child and Adolescent Development?," *American Journal of Sociology* 99, no. 2 (1993): 353–95; Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz, "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project," *American Economic Review* 106, no. 4 (April 2016): 855–902; Christopher Jencks and Susan E. Mayer, "The Social Consequences of Growing Up in a Poor Neighborhood," in *Inner-City Poverty in the United States*, ed. L.E. Lynne and M.G.H. McGreary (Washington, DC: National Academy Press, 1990), 111–86; Ann Owens, "Neighborhoods and Schools as Competing and Reinforcing Contexts for Educational Attainment," *Sociology of Education* 83, no. 4 (2010): 287–311; Robert J. Sampson, Patrick Sharkey, and Stephen W. Raudenbush, "Durable Effects of Concentrated Disadvantage on Verbal Ability among African-American Children," *Proceedings of the National Academy of Sciences* 105, no. 3 (2008): 845–52; Geoffrey T. Wodtke, "Duration and Timing of Exposure to Neighborhood Poverty and the Risk of Adolescent Parenthood," *Demography* 50, no. 5 (2013): 1765–88; Geoffrey T. Wodtke, David Harding, and Felix Elwert, "Neighborhood Effects in Temporal Perspective: The Impact of Long-Term Exposure to Concentrated Disadvantage on High School Graduation," *American Sociological Review* 76, no. 5 (2011): 713–36; Patrick Sharkey and Jacob W. Faber, "Where, When, Why, and for Whom Do Residential Contexts Matter? Moving Away from the Dichotomous Understanding of Neighborhood Effects," *Annual Review of Sociology* 40 (2014): 559–79.

<sup>11</sup> Owens, "Inequality in Children's Contexts Income Segregation of Households with and without Children."

## 3 HOUSING NEEDS

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### KEY FINDINGS

#### 3.1 What is affordable?

For 2016, the HUD-defined area median family income (MFI) for the Sioux Falls MSA is \$72,000. Overall, 25,115 households (40%) fall below 80% MFI, making them potentially eligible for affordable housing programs. About 24% (9,355) of all homeowner households fall below the 80% MFI threshold, compared to 65% (15,760) of renter households. Further, 20% (4,830) of renter households fall into the very lowest income bracket, earning less than 30% MFI.

For a dual earner household to reach the median income, both earners would need to work full-time and receive an hourly wage of about \$17 per hour. At the current minimum wage (\$8.55 per hour as of January 1, 2016), a full-time employee would earn \$17,784 annually, or less than 25% MFI.

#### 3.2 Housing tenure

In Sioux Falls, homeowners outnumber renters: 39,976 of the city's 65,538 housing units (61%) are owner-occupied. However, the proportion of renter households has been steadily increasing relative to owner households. Over the six-year period from 2009 to 2015, the number of renter households in Sioux Falls grew 19%, compared to just 5% growth among owner households and 10% growth overall.

Although homeowner households outnumber renter households overall, renters outnumber homeowners in lower income brackets. Whereas homeowners make up the majority of households earning over \$35,000 per year, renters make up the majority of households earning less.

Overall, more children in Sioux Falls live in owner-occupied homes than in rental units, although children living with single parents are more likely to live in a rental unit. About one-third of families with children live in rental housing. Of owner-occupied units, 34% have children. Among rental units, 27% have children.

#### 3.3 New housing construction

Housing construction has rebounded since the economic downturn of 2008, with 80% or more of all MSA construction located within the city of Sioux Falls. In the six-year period between January 1, 2010 and December 31, 2015, Sioux Falls issued building permits for more than 8,840 total housing units, including 5,333 multifamily units. As of September 2016, the city has already exceed the total number of units permitted in any single year since 2010.

However, in the last few years, new construction has shifted markedly toward multifamily units. The number of multifamily units permitted in the first nine months of 2016 has already surpassed the level permitted in all of 2014, previously the single highest year of multifamily activity since 1977. Whereas multifamily permitting is at an all-time high, single-family permitting remains below the peak levels seen in the early 2000s.

### 3.4 Homeowners

Since 2010, median home value in Sioux Falls has increased gradually, from between \$139,000 and \$142,000 in 2009 to between \$164,155 and \$171,645 in 2015. Sales data indicate that, after plateauing for several years following the economic downturn in 2008, home sales prices have been climbing steadily since 2012. In September 2016, median sales price was \$185,000.

As home sales prices have increased, housing affordability has decreased. Since 2012, affordability levels have been in a steady decline. According to the MLS housing affordability index, Sioux Falls saw an 8.8% decrease in affordability from September 2014 to September 2015, then a 5.6% decrease from September 2015 to September 2016.

Sioux Falls has high and growing demand for lower priced starter homes. In the 12 months prior to September 2015, homes in the \$100,001 to \$150,000 range spent an average 78 days on the market; the following year, days on the market for that price range dropped to 74 days, and inventory currently stands at under 3 months.

### 3.5 Renters

Most rental units in Sioux Falls are conventional rental housing, estimated to represent approximately 24,000 units, or 78% to 80% of all rental options, up from 77% in 2010. Significant construction activity since 2010, along with conversion of some formerly income-restricted housing to conventional market rate, has increased that percentage. More than 4,000 conventional market rate units have been permitted since 2010, most since 2013.

Rapid population growth and a growing preference for renting drive demand for multifamily construction, but history shows that above-average levels of conventional rental housing construction lead to above-average levels of rental housing vacancy in the future. The South Dakota Multi-Housing Association reported a vacancy rate of 6.53% in January 2016, possibly the first indication of rising vacancy following above-average construction. Though the vacancy rate fell in the July 2016 iteration of the survey, it remains slightly elevated at 5.79%.

Overall, rental rates remain moderate, reflecting the large number of older rental units in the local inventory. In 2015, the estimated median gross rent for all rental units in Sioux Falls was \$745, a 15% increase since 2008. About 62% of rental units are between \$500 and \$899 per month, representing an ample supply of moderately priced units. However, with ongoing construction, recent unit growth has been concentrated in the price range of \$800 or more, and the number of units priced below \$600 has decreased.

Approximately 3,500 tax credit properties offer a moderate rate rental option for households at 60% or less of median income. Tax credit projects have a contractual obligation to provide affordable housing for a defined period of time, usually between 15 and 40 years. While new tax credit projects are being built each year in Sioux Falls, the total inventory has remained relatively stable because the number of units leaving the program has often been similar to the number of new units being built. Since tax credit units typically have a moderate rent structure, they generally cannot serve extremely low-income households. However, in Sioux Falls, 378 Housing Choice Vouchers are being used by tenants in tax credit projects to bring rent down further to an affordable level.

Additionally, Sioux Falls has 47 different subsidized housing projects with 1,536 units, including 793 general occupancy subsidized units in 22 projects, 525 senior/disabled occupancy subsidized units in 15 projects, and 218 special needs/disabled occupancy units in 10 projects. While few unit losses have occurred since 2010, only limited unit gains have been made. Sioux Falls also has between 1,800 and 1,900 households receiving tenant-based rent assistance, which can be used in conventional housing. Renters with either a project-based or a tenant-based rent subsidy represented nearly 13% of all renter households in 2016.

Very high demand exists for subsidized housing. Project-based subsidized housing units have a reported vacancy rate of 1.99%, and in June 2016, there were more than 3,150 households waiting for tenant-based rent assistance.

### 3.6 Households at risk

With ongoing construction shifting the rental stock toward higher priced units and a limited supply of tax credit and subsidized options, this study finds a large and growing housing gap for low-income households. The city has approximately three times as many renter households with an annual income below \$10,000 as there are units affordable at that income (i.e., with a gross rent of \$250 or less), a unit gap of about 1,800. A 1,900 unit gap exists among units with rents between \$250 and \$499 per month. Exacerbating this mismatch, many higher income households choose to rent down, renting moderately priced units.

After accounting for units occupied by higher income households, analysis reveals a shortage of affordable and available rental units for extremely low-income households (< 30% MFI). For every 100 renter households at 30% MFI, there are an estimated 39 affordable and available units. A similar, though less severe, housing gap is evident among homeowners. For every 100 owner households at 30% MFI, there are an estimated 54 affordable and available units.

As a result of this shortage, an estimated 5,584 (85%) extremely low-income households are cost burdened, spending more than 30% of their income on housing, and about 3,939 (60%) extremely low-income households spend over half of their monthly income on housing.

Minnehaha County Human Services reports a fairly consistent level of need, with around 2,000 applications for rental assistance in each of the last three six-month periods. The Helpline Center reports that housing is among the top unmet needs for Sioux Falls callers. From 2013 to 2015, the Helpline Center received 12,691 calls requesting housing-related assistance, representing 14% of all calls from the Sioux Falls MSA.

### 3.7 Homelessness

Individuals and families who are unable to find affordable housing are at risk of homelessness, which has serious consequences for all who experience it, but especially for children. The number of homeless individuals and families in Sioux Falls peaked during the economic downturn in 2008. The Sioux Falls School District's McKinney-Vento count suggests the number of homeless students remains elevated compared to pre-2008 levels. Year-end figures for the 2015-16 school year indicate 965 students were homeless at some point during the year, representing 4.2% of students enrolled in public schools.



Reports from Minnehaha County, shelters, and the Banquet corroborate these trends, suggesting the need for housing remains higher than it was before 2008. The most recent report of unduplicated applications shows 524 homeless households without children and 252 homeless households with children applied for assistance in the first six months of 2016, accounting for over 1,000 adults and nearly 500 children.

In Sioux Falls, most of the homeless population reports becoming homeless as a result of unemployment or a lost job. The inability to pay rent or utilities is another top reason for becoming homeless. In many cases, financial trouble is complicated by recent incarceration, substance abuse, arguments with family, or other factors. When asked about unmet needs, homeless individuals and families put housing placement and transportation at the top.

### 3.1 WHAT IS AFFORDABLE?

The Department of Housing and Urban Development (HUD) defines affordability based on area median family income (MFI), which is set for the four-county Sioux Falls Metropolitan Statistical Area (MSA) as a whole.<sup>12</sup> In 2016, the Sioux Falls MFI is \$72,000 for a family of four.

Since housing requirements depend on household size, HUD also calculates MFI for different household sizes, from a single person to households of eight or more, as shown in Table 3.1, which shows income limits at 80% (low income), 50% (very low income), and 30% (extremely low income) of MFI for different household sizes.

**Table 3.1 Income limits by household size, 2016**

% MFI	1	2	3	4	5	6	7	8
80%	\$40,350	\$46,100	\$51,850	\$57,600	\$62,250	\$66,850	\$71,450	\$76,050
50%	\$25,200	\$28,800	\$32,400	\$36,000	\$38,900	\$41,800	\$44,650	\$47,550
30%	\$15,150	\$17,300	\$20,160	\$24,300	\$28,440	\$32,580	\$36,730	\$40,890

Note: Income limits are set by HUD at the MSA level. For Sioux Falls, income limits are set for an area that includes Lincoln, McCook, Minnehaha, and Turner counties. The 30% MFI income limit is adjusted by HUD such that the federal HHS poverty guideline is used where a calculated 30% of MFI would fall below poverty. Slightly different limits are used for tax credit properties.

HUD defines affordability as paying 30% or less of gross monthly income for housing costs. For example, a family of four earning \$72,000 annually could afford to pay up to \$1,800 per month toward rent or a mortgage. Note that 30% of income is considered the *maximum* amount a family can affordably spend on housing. The table below shows the maximum amount households could afford to pay for housing, given that standard.

**Table 3.2 Affordable monthly housing costs by household size**

% MFI	1	2	3	4	5	6	7	8
80%	\$1,009	\$1,153	\$1,296	\$1,440	\$1,556	\$1,671	\$1,786	\$1,901
50%	\$630	\$720	\$810	\$900	\$973	\$1,045	\$1,116	\$1,189
30%	\$379	\$433	\$504	\$608	\$711	\$815	\$918	\$1,022

Note: Affordable is defined as housing costs (including utilities) at or below 30% of gross monthly income.

For many affordable housing programs, eligibility depends on a household's size and income, expressed as a percent of MFI. Eligibility for most programs begins at or below 80% MFI. Generally, households earning 80% MFI or more are able to find housing they can afford on the open market.

Consider these affordable housing income limits in relation to hourly wages and their annual equivalents.

<sup>12</sup> The Sioux Falls MSA comprises Lincoln, McCook, Minnehaha, and Turner Counties.

**Table 3.3 Annual equivalents of hourly wages**

Annual Income	Hourly Wage
\$15,000	\$7.21
\$17,784	\$8.55*
\$20,000	\$9.62
\$25,000	\$12.02
\$30,000	\$14.42
\$35,000	\$16.83
\$40,000	\$19.23
\$45,000	\$21.63
\$50,000	\$24.04

\*South Dakota minimum wage as of January 1, 2016

For a dual earner household to reach the median income (\$72,000), both earners would need to work full-time and receive an hourly wage of about \$17 per hour.

At the current minimum wage (\$8.55 per hour as of January 1, 2016), a full-time employee would earn \$17,784 annually, or less than 50% MFI for a household of 1.

Working full time at \$15 per hour, a single parent with two children would fall under the 50% MFI threshold. If both parents worked full time at minimum wage, a married couple with two children would likewise fall below 50% MFI. In Sioux Falls, the average annual median wage (\$32,420) is lower than 50% MFI for a family of four.

In Sioux Falls, about 80% of the city's 12,490 married couple families with children have dual earners, but the remaining 20% rely on a single earner. Additionally, 7,097 Sioux Falls families with children are headed by single parents. For a single mother with one or two children, full-time minimum wage work would put her family in this lowest tier of earners, even before accounting for the cost of childcare.

Overall, 25,115 households (40% of all households) fall below 80% of median income, making them potentially eligible for affordable housing programs. Although homeowner households outnumber renter households overall, more renters fall into lower income brackets. Whereas about 24% (9,355) of all homeowner households fall below the 80% MFI threshold, 65% (15,760) of renter households do. Further, 20% (4,830) of renter households fall into the very lowest income bracket, earning less than 30% MFI.

**Table 3.4 Sioux Falls households by % of median family income**

	Owner-occupied		Renter-occupied	
≤ 30%	1,335	3.5%	4,830	20.0%
30 to 50%	2,455	6.3%	4,380	18.2%
50 to 80%	5,565	14.4%	6,550	27.2%
80 to 100%	4,425	11.4%	2,885	12.0%
> 100%	24,895	64.4%	5,450	22.6%
	38,680	100%	24,100	100%

Source: Comprehensive Housing Affordability Strategy (CHAS), 2009-2013 ACS 5-year estimates, Table 7

Note: CHAS data are a custom tabulation of Census data provided to HUD. More recent income data are available from the Census based on the 2010-2014 ACS 5-year estimates, but they are aggregated differently and do not correspond directly with HUD income level definitions.

The following sections examine to what extent house prices and rent levels in Sioux Falls allow households to find housing in this affordable range.

## 3.2 HOUSING TENURE

In Sioux Falls, homeowners outnumber renters: 39,976 of the city's 65,538 housing units (61%) are owner-occupied. The remaining 25,562 households are renters.

However, the proportion of renter households has been steadily increasing relative to owner households. Between 2009 and 2015, the number of renter households grew from 21,484 to 25,562, or from 36% to 39% of all households. That six-year period saw the number of renter households in Sioux Falls grow 19%, compared to just 5% growth among owner households and 10% growth overall.

**Table 3.5 Housing tenure, 2009 to 2015**

	2009	2010	2011	2012	2013	2014	2015
Total	59,540	59,751	60,891	61,842	62,778	64,197	65,538
Owner	38,056	37,198	37,796	38,109	38,679	39,038	39,976
Renter	21,484	22,553	23,095	23,733	24,099	25,159	25,562

Source: U.S. Census, ACS 5-year estimates, Table B25003

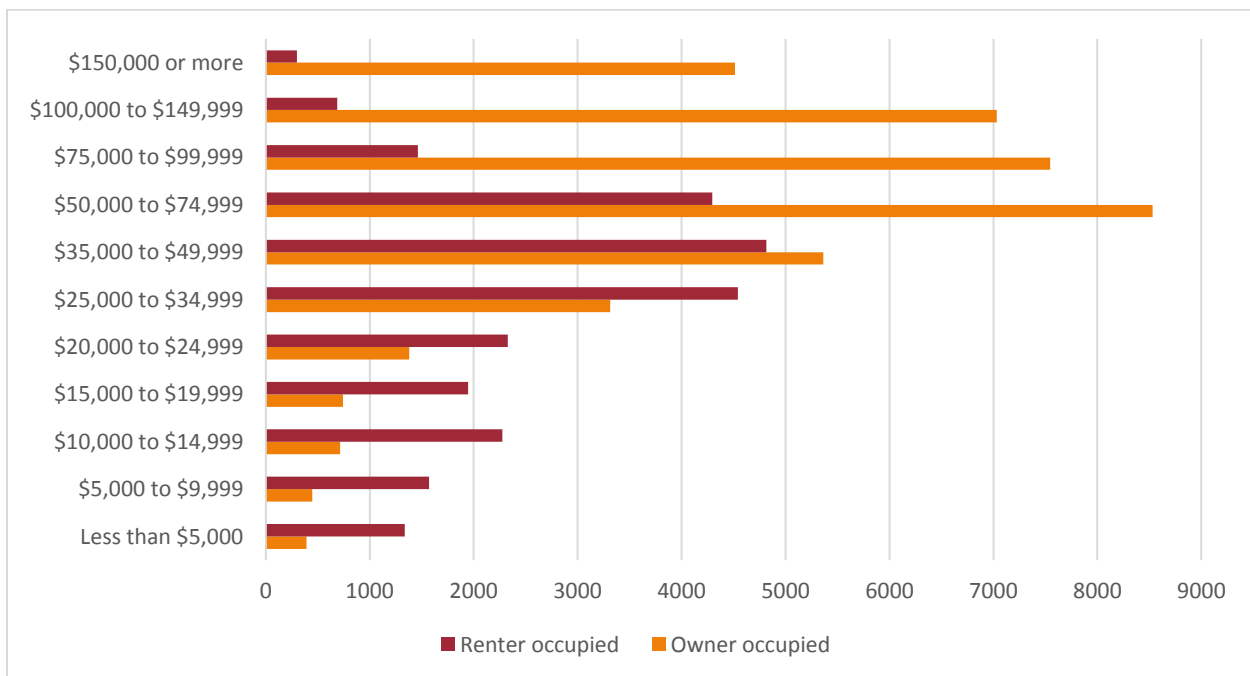
Although there are more homeowners than renters in Sioux Falls, renter households are overrepresented in the lower income ranges. Whereas homeowners make up the majority of households earning over \$35,000 per year, renters make up the majority of households earning less. In 2015, among households with an annual income below \$35,000, more than 14,000 were renting, compared to about 7,000 who owned their homes.

**Table 3.6 Median income by tenure**

	Owner occupied %		Renter occupied %	
Less than \$5,000	392	1%	1,336	5%
\$5,000 to \$9,999	448	1%	1,572	6%
\$10,000 to \$14,999	715	2%	2,277	9%
\$15,000 to \$19,999	744	2%	1,947	8%
\$20,000 to \$24,999	1,380	3%	2,329	9%
\$25,000 to \$34,999	3,312	8%	4,541	18%
\$35,000 to \$49,999	5,362	13%	4,816	19%
\$50,000 to \$74,999	8,531	21%	4,294	17%
\$75,000 to \$99,999	7,546	19%	1,463	6%
\$100,000 to \$149,999	7,031	18%	687	3%
\$150,000 or more	4,515	11%	300	1%
Total	39,976	100%	25,562	100%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25118 (City of Sioux Falls)

Median household income for renters in Sioux Falls is \$31,712, compared to \$72,327 for owners. Though renters have lower incomes, on average, than homeowners, there are also a large number of renter households with more moderate incomes. In Sioux Falls, more than 45% of all renter households reported an income of \$35,000 or more, and more than 26% of all renter households reported an annual income of \$50,000 or more.

**Figure 3.1 Household income for owners and renters**

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25118 (City of Sioux Falls)

### 3.2.1 Housing tenure trends among millennials

Between 2009 and 2014, Sioux Falls's household growth was concentrated among renters, and that growth was driven primarily by younger households. Sioux Falls saw the most growth among householders aged 25 to 34 years and those aged 55 to 64 years, whereas the number of householders aged 35 to 44 years and those aged 45 to 54 increased only a moderate amount.

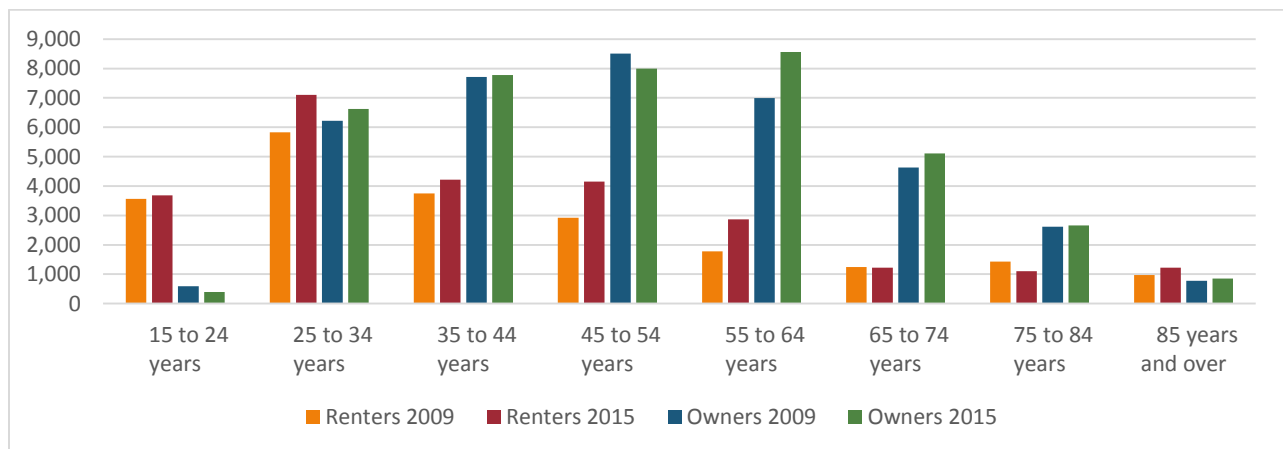
**Table 3.7 Housing tenure by householder age, 2009 to 2015**

	Renters			Owners		
	2009	2015	Change	2009	2015	Change
15 to 24 years	3,568	3,687	119	592	398	-194
25 to 34 years	5,829	7,097	1,268	6,215	6,628	413
35 to 44 years	3,744	4,212	468	7,712	7,779	67
45 to 54 years	2,918	4,148	1,230	8,511	7,998	-513
55 to 64 years	1,779	2,867	1,088	6,993	8,558	1,565
65 to 74 years	1,244	1,224	-20	4,634	5,105	471
75 to 84 years	1,429	1,100	-329	2,618	2,663	45
85 years and over	973	1,227	254	781	847	66
Total	21,484	25,562	4,078	38,056	39,976	1,920

Source: 2005-09 and 2011-15 ACS 5-year estimates, Table B25007

Overall, the number of renter householders aged 25 to 54 increased by 2,966 households, or about 24%. In that same age range, the number of homeowner households remained essentially unchanged. By comparison, overall household growth was about 10% during this period.

**Figure 3.2 Housing tenure by householder age, 2009 to 2015**



Source: 2005-09 and 2011-15 ACS 5-year estimates, Table B25007

### 3.2.2 Housing tenure and children

Most families with children are homeowners, but a substantial minority (about one-third) live in rental units. About 34% of owner-occupied units have children living in them, compared to 27% of rental units.

**Table 3.8 Children in rental housing**

	Owner-occupied		Renter-occupied	
With children	13,471	34%	7,000	27%
Total	39,976	100%	25,562	100%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25012

Children living with single parents are more likely to live in renter a rental unit.

**Table 3.9 Households by tenure and family type**

	Owner occupied		Renter occupied	
<b>Total households</b>	39,976		25,562	
<b>Nonfamily households</b>	10,429		14,716	
<b>Family households (total)</b>	29,547	100%	10,846	100%
<b>Married-couple family:</b>	24,899	84%	4,784	44%
With own children under 18 years	10,401	35%	2,106	19%
No own children under 18 years	14,498	49%	2,678	25%
<b>Other family:</b>	4,648	16%	6,062	56%
<b>Male householder, no wife present:</b>	1,514	5%	1,419	13%
With own children under 18 years	737	2%	881	8%
No own children under 18 years	777	3%	538	5%
<b>Female householder, no husband present:</b>	3,134	11%	4,643	43%
With own children under 18 years	1,696	6%	3,783	35%
No own children under 18 years	1,438	5%	860	8%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25115 (City of Sioux Falls)

A subset of all households, family households are those in which two or more related individuals live together. Households made up of unrelated individuals are considered nonfamily households. Among homeowner householders, 29,547 are families, and 84% of those families are headed by a married couple. Just 6% of homeowner families are single mothers, and 2% are single fathers.

Among renter households, 10,846 are families, and 44% of those families are headed by a married couple. Over one-third (35%) of renter families are single mothers, and 8% are single fathers. In total, 3,783 single mothers live with their children in rental units, compared to 1,696 single mothers living with their children in owner-occupied homes.

### 3.3 NEW HOUSING CONSTRUCTION

Housing construction has rebounded since the economic downturn of 2008, but new construction has increasingly shifted toward multifamily units instead of single-family homes. Whereas multifamily permitting is at an all-time high, single-family permitting remains below the peak levels seen in the early 2000s.

Over the six-year time period from 2010 to 2015, 8,843 housing units were issued a building permit within Sioux Falls. This total excludes 285 mobile homes that were also placed in the city, but which are assumed to generally reflect replacement units rather than a net gain in housing. Although the actual year-to-year

permitting of units has varied widely, Sioux Falls averaged nearly 1,475 units per year since 2010. While not all of these units may have actually proceeded to construction, it is assumed that the large majority of permitted units were built.

As of June 2016, the city is on track to exceed the total number of units produced in any single year since 2010. With the inclusion of partial-year information for 2016, over 11,000 housing units have been permitted since 2010.

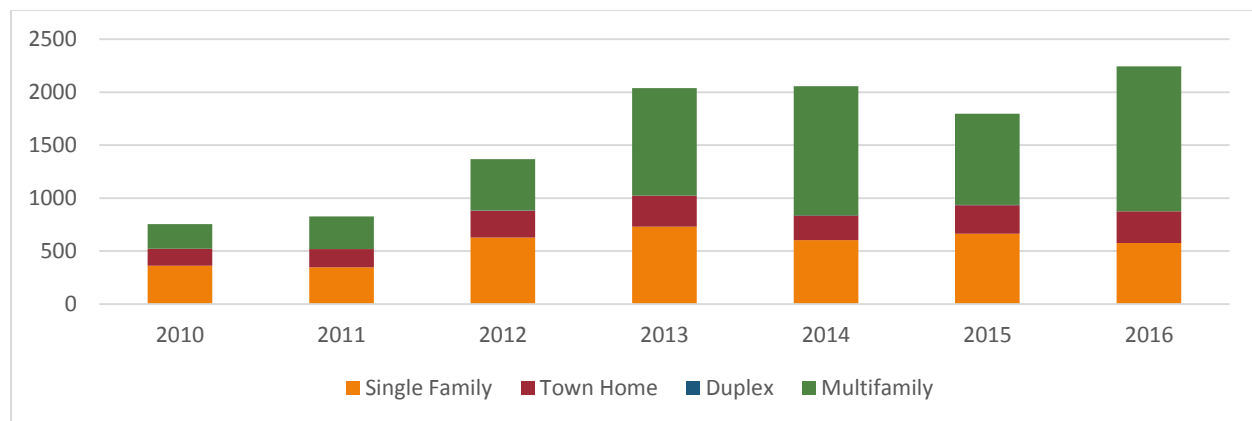
**Table 3.10 Sioux Falls housing unit construction activity, 2010 – September 2016**

Year	Single Family	Town Home	Duplex	Multifamily	Total Units Permitted	Manufactured Homes
2016	577	299	0	1,367	2,243	77
2015	663	269	2	864	1,798	103
2014	604	231	2	1,219	2,056	27
2013	731	292	0	1,016	2,039	42
2012	628	252	4	485	1,369	33
2011	347	170	0	310	827	50
2010	362	160	0	232	754	30
Total	3,912	1,673	8	5,493	11,086	362

Source: Sioux Falls Building Services Department and Planning Department, CPR

Note: 2016 is through September. Some inconsistencies exist in the annual data due to discrepancies in the number of reported units or in the attribution of units by structure type. It may also be due to the possibility that some permitted units never actually proceeded to construction.

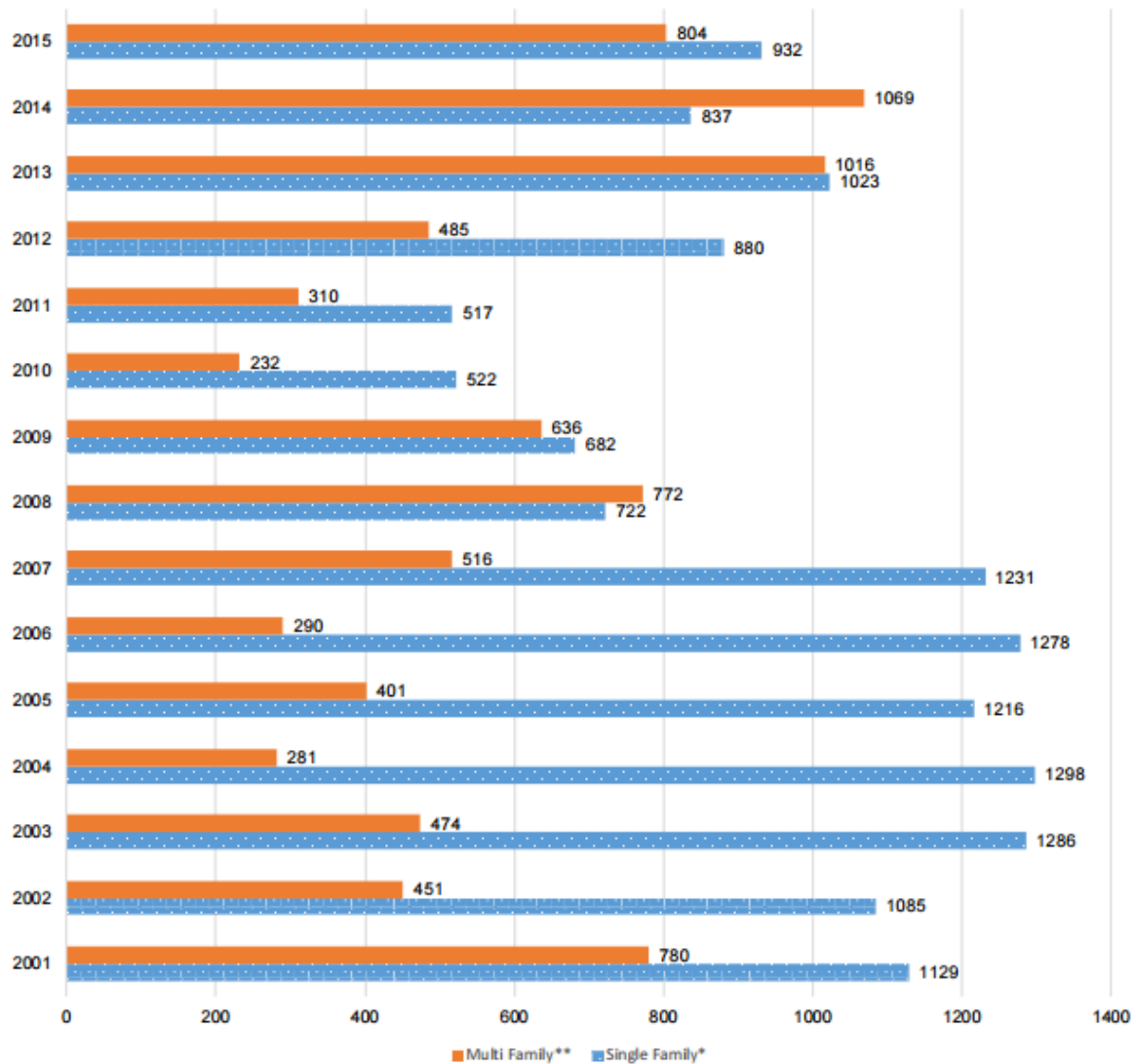
**Figure 3.3 Housing unit construction by type in Sioux Falls, 2010 – September 2016**



Source: Sioux Falls Building Services Department and Planning Department, CPR

Since 2000, Sioux Falls has generally maintained strong construction activity, but annual production has varied. From 2008 to 2012, construction activity was reduced during the economic recession, which coincided with a national housing market retreat. However, by 2013, Sioux Falls was exceeding the production levels achieved in the housing boom years of the early 2000s.



**Figure 3.4 Residential building permits: multifamily and single family residential units, 2001 – 2015**

Source: City of Sioux Falls Planning 2015 Development Summary

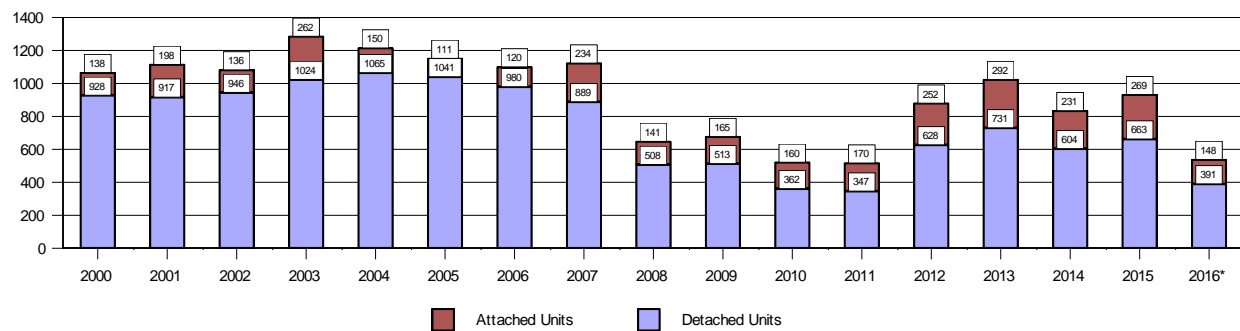
In 2013, multifamily production began to increase substantially. Above-average multifamily permitting continued in 2014 and 2015 and remains high: through the first nine months of 2016, the year-to-date permitting of multifamily units has already exceeded the level permitted in all of 2014, previously the single highest year of multifamily activity since 1977.

Single family production also began to increase again in 2013. Year-to-date permitting in 2016 is slightly below the comparable month level that was present in 2013. However, 2016 single family activity was greater than the comparable periods in 2015 or 2014.

While the four-year period between 2012 and 2015 represents an improved level of annual activity when compared to the four years from 2008 to 2011, single family construction still remains below the peak years of the prior decade.

From 2000 through 2007, Sioux Falls was permitting more than 1,000 attached and detached single family units each year. Since 2008, only one year has exceeded 1,000 units. In 2013, there were 1,023 single family units permitted. However, in 2014 and 2015 the total dropped below 1,000 units. Partial-year activity for 2016 is also slightly below the comparable total in 2013.

**Figure 3.5 Single family construction in Sioux Falls, 2000 – 2015**



Source: Sioux Falls Building Services Department and Planning Department, CPR

Over the eight-year period from 2000 to 2007, Sioux Falls averaged approximately 1,140 single family units per year. Over the four-year period from 2012 to 2015, the city averaged approximately 920 single family units per year.

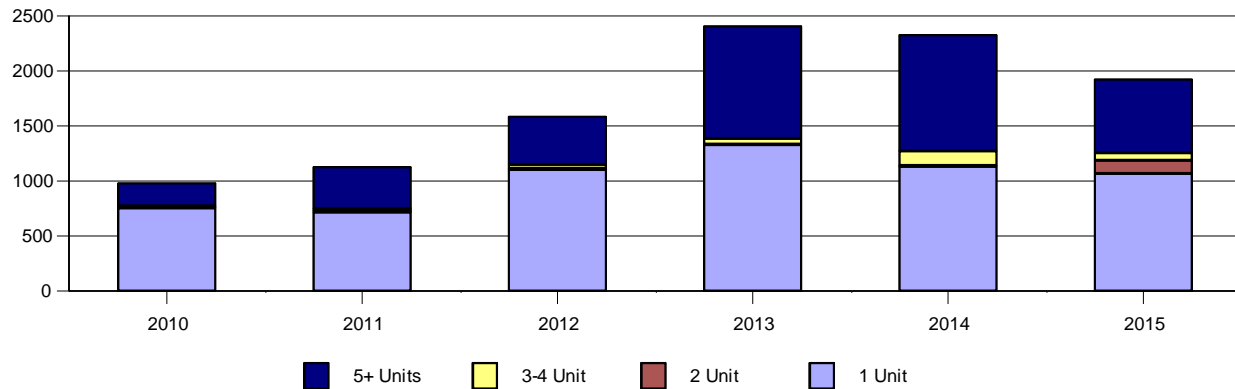
For the MSA as a whole, the year 2013 represented the highest year for new housing unit production over the six-year period reviewed. The total production in 2014 was only slightly lower, as both years saw more than 2,300 total units permitted in the MSA. In 2013 and 2014, there was above-average production of both multifamily (5+ unit) structures and single family units.<sup>13</sup>

<sup>13</sup> MSA permitting data are based on the Census Bureau's annual housing construction summary information. Census totals may differ from permitting totals, which were collected directly from the City of Sioux Falls. However, the Census reports provide some perspective on housing construction within the larger MSA. Census annual totals for the city of Sioux Falls are provided for comparison.

**Table 3.11 MSA housing construction activity, 2010 – 2015**

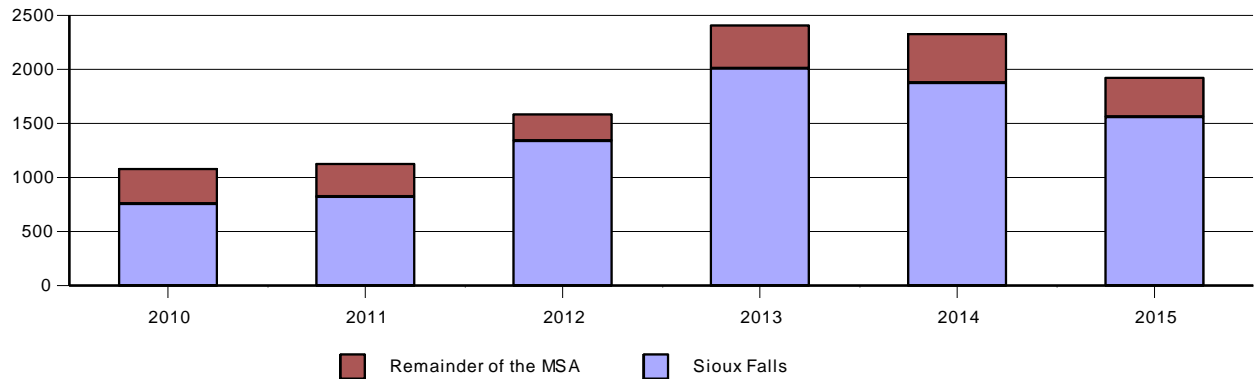
Year	City of Sioux Falls					Metropolitan Statistical Area				
	1 Unit	2 Unit	3-4 Unit	5+ Units	Total	1 Unit	2 Unit	3-4 Unit	5+ Units	Total
2015	738	116	56	652	1,562	1,069	120	67	670	1,926
2014	842	2	46	988	1,878	1,134	8	131	1,057	2,330
2013	1,025	0	16	970	2,011	1,330	6	52	1,021	2,409
2012	882	4	20	435	1,341	1,104	12	36	435	1,587
2011	515	4	8	297	824	716	16	19	378	1,129
2010	546	0	92	120	758	755	8	111	207	1,081
Total	4,548	126	238	3,462	8,374	6,108	170	416	3,768	10,462

Source: U.S. Census Bureau Building Permits Survey, CPR

**Figure 3.6 MSA annual housing unit construction, 2010 – 2015**

Source: U.S. Census Bureau Building Permits Survey, CPR

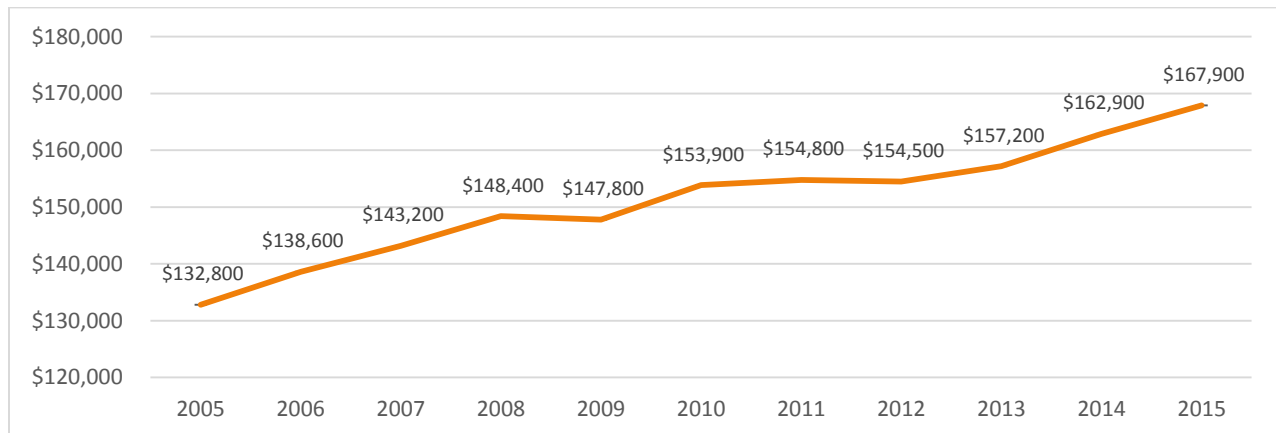
As the primary jurisdiction in the MSA, the city of Sioux Falls accounts for a large majority of the units constructed annually. Over the time period reviewed, Sioux Falls represented between 70% and 84% of all MSA construction activity, and in most recent years, the city's share has been 80% or higher.

**Figure 3.7 Sioux Falls and MSA annual housing unit construction, 2010 – 2015**

Source: U.S. Census Bureau Building Permits Survey, CPR

### 3.4 HOMEOWNERS

Over the last decade, median home value in Sioux Falls has increased at a gradual pace, averaging around 2.5% per year. Based on Minnehaha and Lincoln County sales data and reports from the Realtors Association, the 2010 Housing Study estimated median home value at approximately \$139,000 to \$142,000 in 2009. For 2015, the American Community Survey (ACS) estimates median owner-occupancy home value in Sioux Falls between \$164,155 and \$171,645.

**Figure 3.8 Median owner-occupied home value in Sioux Falls**

Source: Census ACS 1-year estimates

Whereas the ACS provides an estimate of home value for all existing homes, the Realtors Association report shows trends in sales price for houses on the market. Sales data indicate that, after plateauing for several years following the economic downturn in 2008, home sales prices have been climbing steadily since 2012.

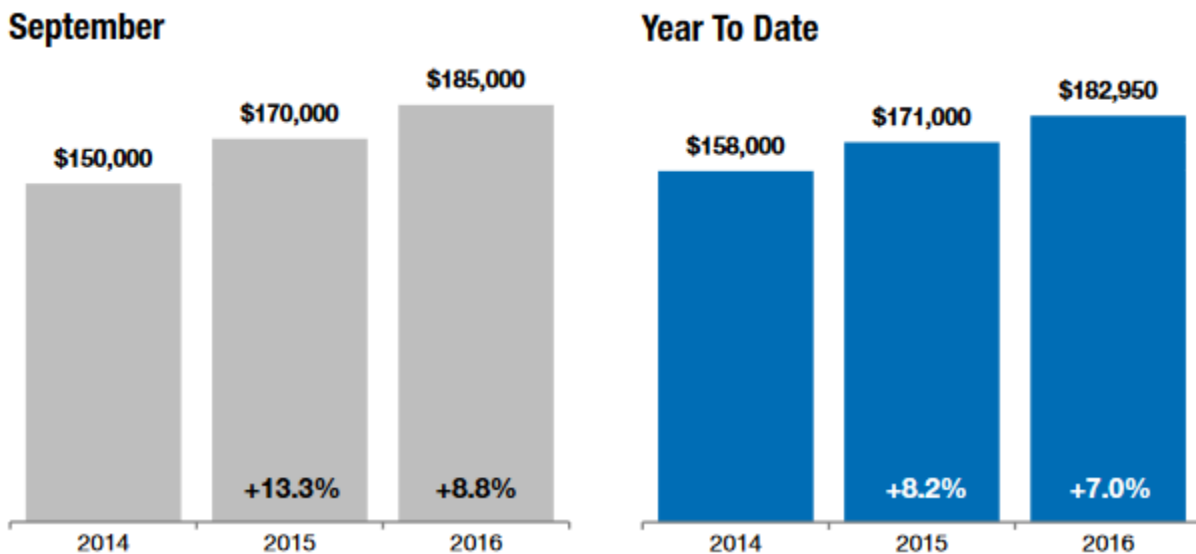
**Figure 3.9 Median sales price, 2003 – 2016**



Source: REALTOR Association of the Sioux Empire, Inc., RASE MLS, September 2016 Report, [http://ims.rase-inc.org/documents/CurrentStats/RASE\\_MMI\\_Current.pdf](http://ims.rase-inc.org/documents/CurrentStats/RASE_MMI_Current.pdf)

In September 2016, median sales price was \$185,000, an 8.8% increase over September 2015. The year-to-date median sales price in September 2016 was \$182,950, a 7.0% increase from September 2015.

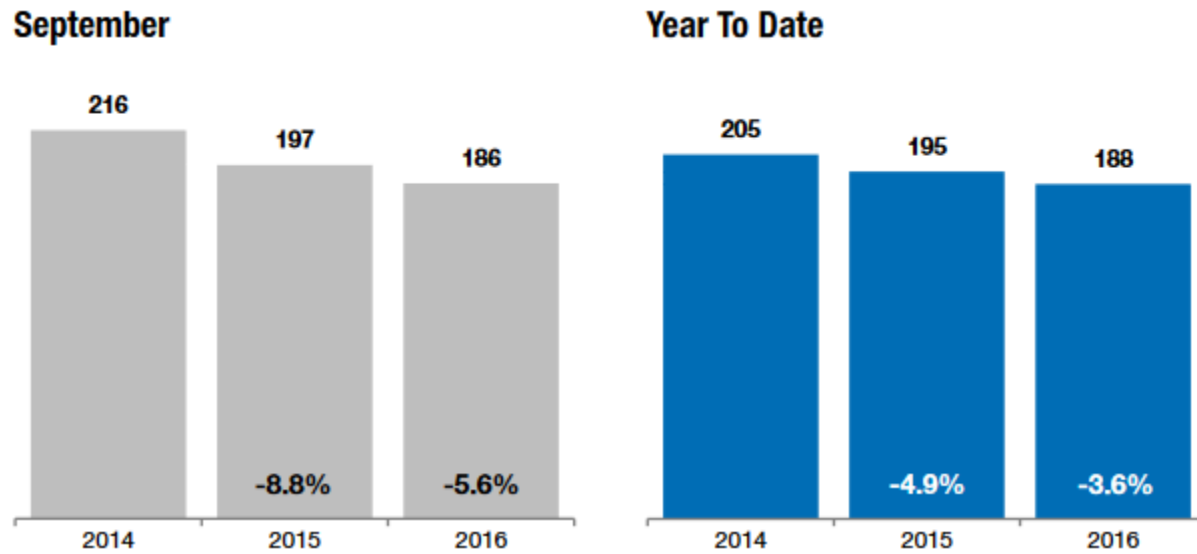
**Figure 3.10 Median sales price, month of September and year to date**



Source: REALTOR Association of the Sioux Empire, Inc., RASE MLS, September 2016 Report, [http://ims.rase-inc.org/documents/CurrentStats/RASE\\_MMI\\_Current.pdf](http://ims.rase-inc.org/documents/CurrentStats/RASE_MMI_Current.pdf)

As home sales prices have increased, housing affordability has decreased. According to the MLS housing affordability index, Sioux Falls saw an 8.8% decrease in affordability from September 2014 to September 2015, followed by a 5.6% decrease from September 2015 to September 2016.

Figure 3.11 MLS housing affordability index

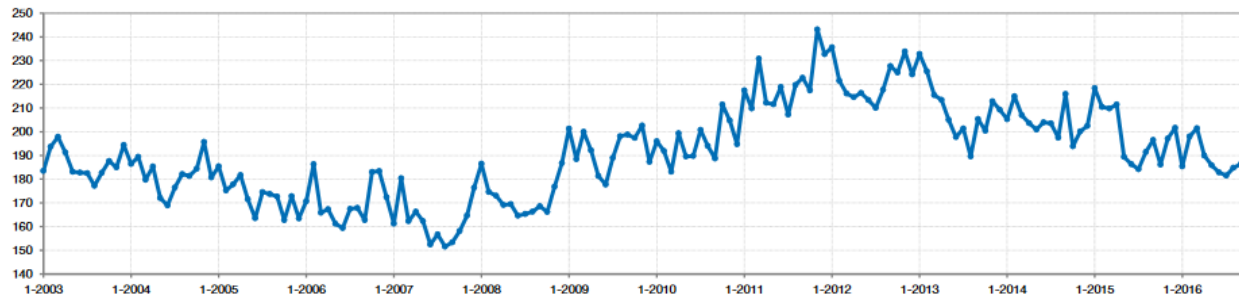


Source: REALTOR Association of the Sioux Empire, Inc., RASE MLS, September 2016 Report, [http://ims.rase-inc.org/documents/CurrentStats/RASE\\_MMI\\_Current.pdf](http://ims.rase-inc.org/documents/CurrentStats/RASE_MMI_Current.pdf)

The MLS housing affordability index compares median household income with the income necessary to qualify for a median-priced home given prevailing interest rates. For example, an index of 120 means the median household income at the time was 120% of what is necessary to qualify for the median-priced home. The higher the housing affordability index, the more affordable it is to purchase a home.

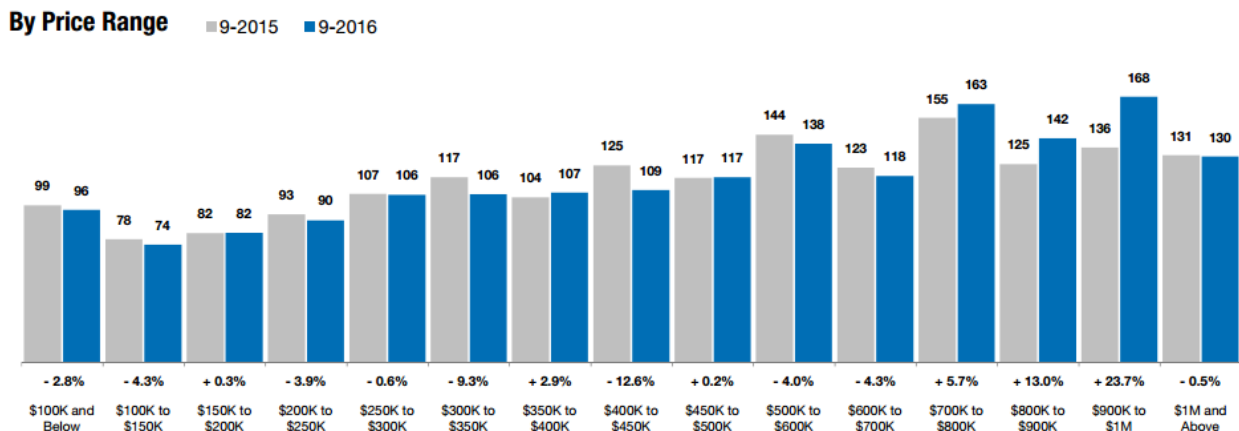
Housing affordability trends mirror median sales price. In Sioux Falls, affordability hit a low point just before 2008, with the index bottoming out around 150 toward the end of 2007. During the economic downturn, affordability increased; however, since 2012, affordability levels have been in a steady decline as the housing market has rebounded.<sup>14</sup>

<sup>14</sup> Although the recession brought increased affordability, it was also accompanied by a wave of foreclosures. Research by Augustana University faculty found that the 2004-2010 foreclosure activity in Sioux Falls disproportionately affected low-income and minority Census tracts in central and northern neighborhoods. Reynold F. Nesiba, David J. Sorenson, and Kaleb Sturm, "Who Is Foreclosing on Whom? Home Mortgage Lending and Foreclosures in Sioux Falls, South Dakota, 2004-2010," *Journal of Economic Issues* 46, no. 2 (2012); David J. Sorenson, "Loan Characteristics, Borrower Traits, and Home Mortgage Foreclosures: The Case of Sioux Falls, South Dakota," *The Journal of Regional Analysis & Policy* 45, no. 2 (2015): 163-72.

**Figure 3.12 MLS Housing affordability index, 2003 – 2016****Historical Housing Affordability Index**

Source: REALTOR Association of the Sioux Empire, Inc., RASE MLS, September 2016 Report, [http://ims.rase-inc.org/documents/CurrentStats/RASE\\_MMI\\_Current.pdf](http://ims.rase-inc.org/documents/CurrentStats/RASE_MMI_Current.pdf)

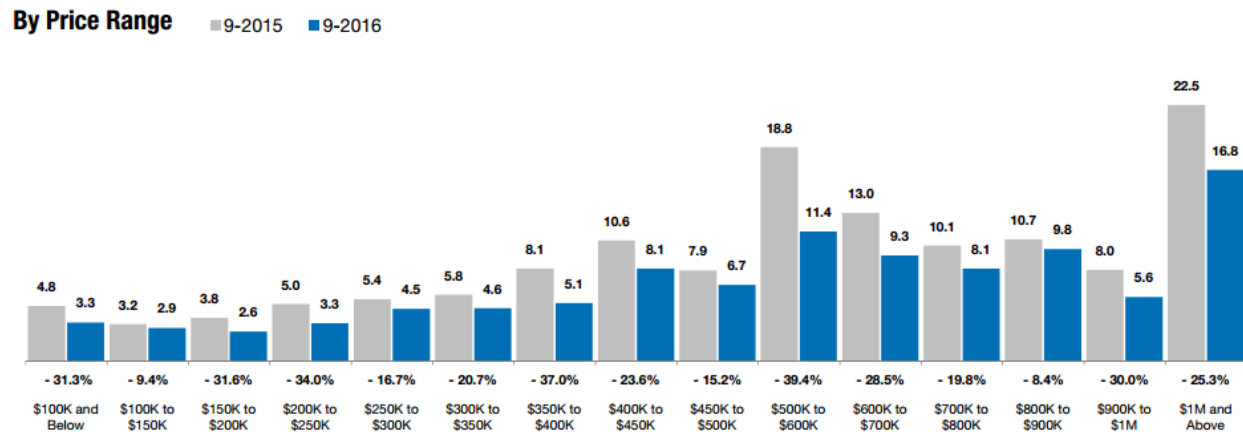
Further analysis indicates high and growing demand for lower priced starter homes. In the 12 months prior to June 2015, homes in the \$100,001 to \$150,000 range spent an average 78 days on the market; the following year, days on the market for that price range dropped to 74 days.

**Figure 3.13 Days on the market by price range**

Source: REALTOR Association of the Sioux Empire, Inc., RASE MLS, September 2016 Inventory, [http://ims.rase-inc.org/documents/currentstats/rase\\_hso\\_current.pdf](http://ims.rase-inc.org/documents/currentstats/rase_hso_current.pdf)

The \$100,001 to \$150,000 price range and the \$150,000 to \$200,000 price range have the lowest inventory, at just 2.9 and 2.6 months, respectively. Across the board, inventory fell by about 30% from 2015 to 2016.

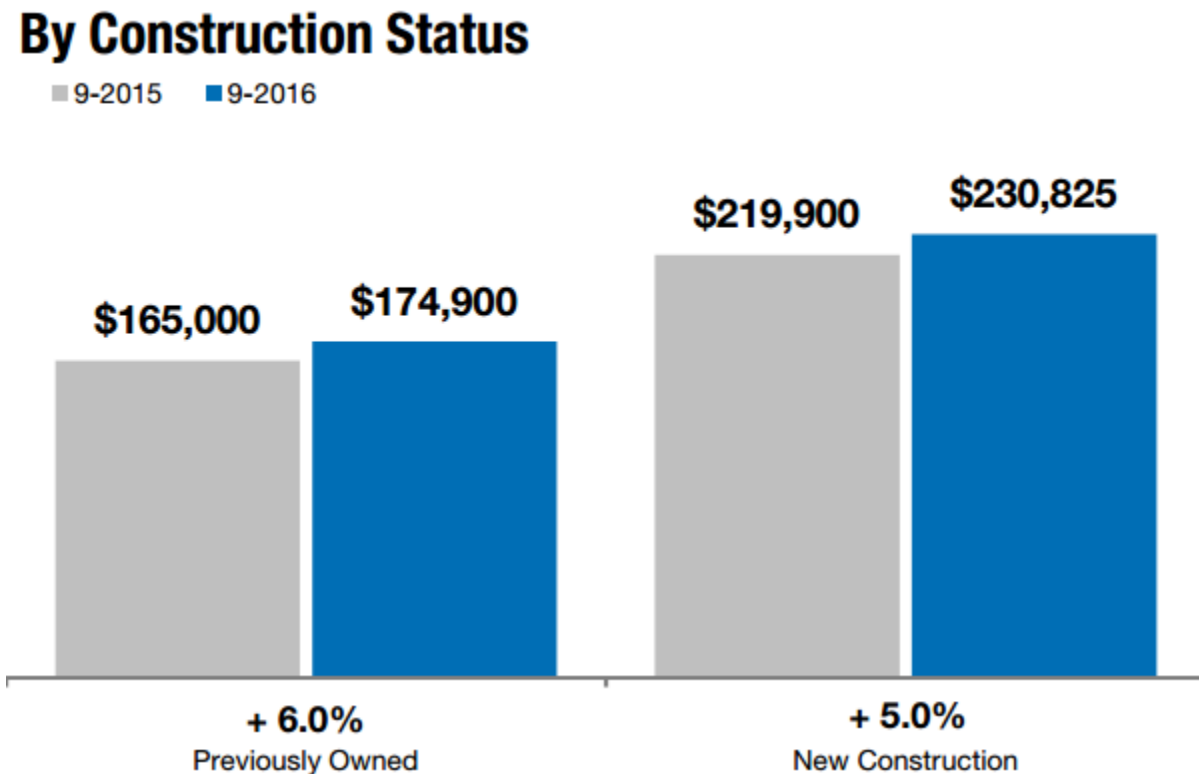
Figure 3.14 Months supply of inventory by price range



Source: REALTOR Association of the Sioux Empire, Inc., RASE MLS, September 2016 Inventory, [http://ims.rase-inc.org/documents/currentstats/rase\\_hso\\_current.pdf](http://ims.rase-inc.org/documents/currentstats/rase_hso_current.pdf)

Despite high and growing demand at price ranges below the median sales price, new construction tends to be priced nearly \$50,000 above the median sales price. Buyers seeking more affordable entry-level homes priced near the median are more likely to find a previously owned home in that price range.

Figure 3.15 Median sales price by construction status



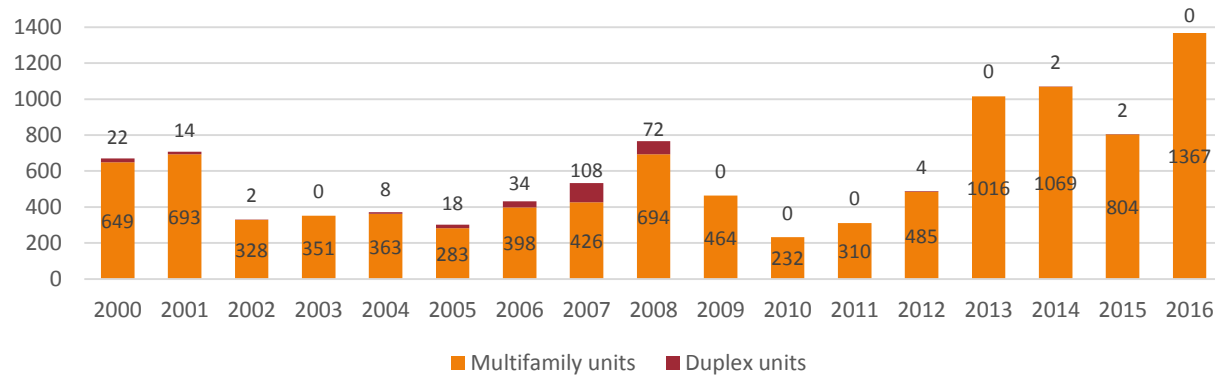
Source: REALTOR Association of the Sioux Empire, Inc., RASE MLS, September 2016 Inventory, [http://ims.rase-inc.org/documents/currentstats/rase\\_hso\\_current.pdf](http://ims.rase-inc.org/documents/currentstats/rase_hso_current.pdf)



### 3.5 RENTERS

Most of the recent housing construction in Sioux Falls has been in multifamily rental housing projects. A few potential condominium projects have been developed since 2010, but individual condominium projects tend to be small, and in some cases, slow-to-sell condominium units have been offered as higher-priced rentals. There have also been some specialized senior units built that include services with housing. Without any adjustment for condominiums or specialized use housing, the following chart displays the longer-term patterns for multifamily development in the city.

**Figure 3.16 Rental housing construction in Sioux Falls, 2000 – September 2016**



Source: Sioux Falls Building Services Department and Planning Department, CPR

Based on preliminary figures for 2016, the annual average construction for the four-year period spanning 2013 through 2016 will exceed 1,000 rental units per year. In comparison, from 2000 through 2012, no single year achieved a level of even 800 units in a 12-month period. In fact, before now, multifamily permitting only exceeded 2014 levels in 1977, when the city permitted 1,086 multifamily units. Since 2000, the three peak years for multifamily housing construction in Sioux Falls have been 2013, 2014, and 2015. In each of these years, more than 800 rental housing units were permitted. The year-to-date activity in 2016 has, as of September, already surpassed the 12-month total for 2014, making 2016 a record-setting year for multifamily permitting.

Based on the city's annual summary reports, multifamily construction has been distributed among market segments as follows:

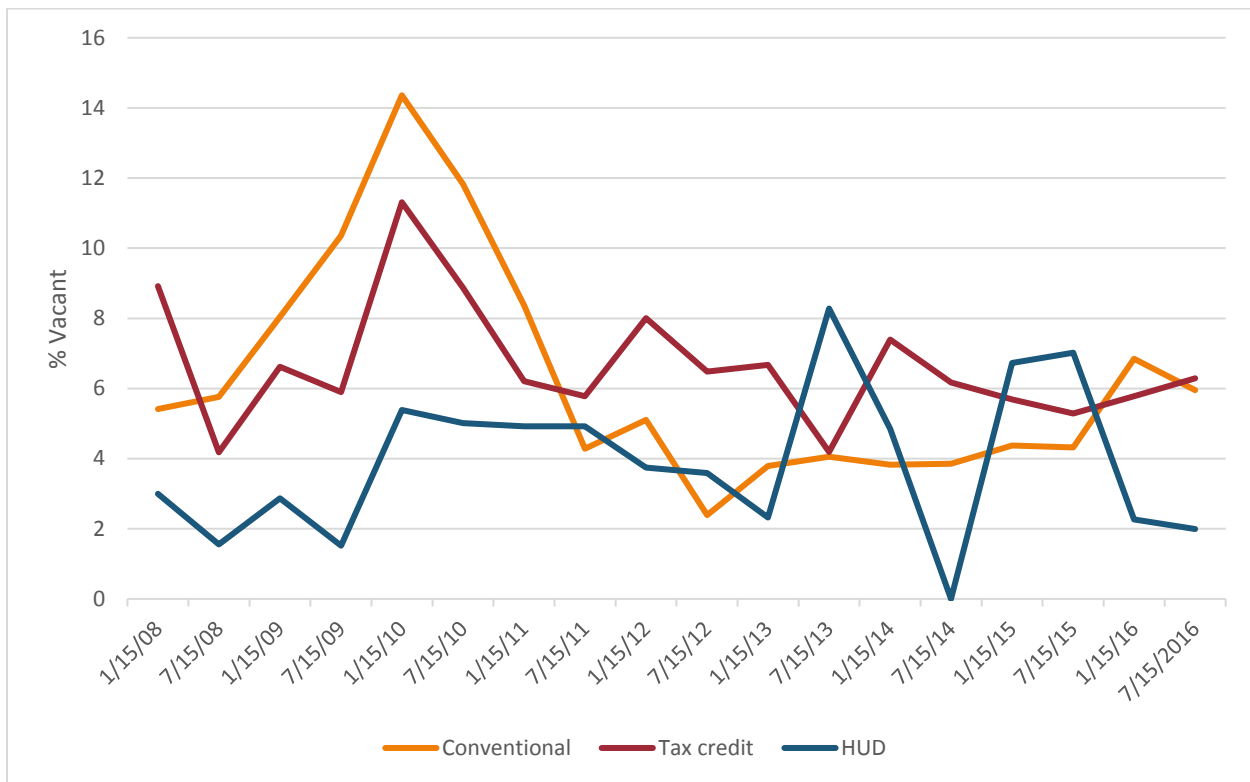
**Table 3.12 Multifamily construction by market segment, 2010 – June 2016**

	Conventional market rate	Income- restricted tax credit	Senior	Income- restricted subsidized units for physically disabled	Special needs/group home	Condominium	Total
2016 YTD	776	141	287	0	0	3	1,207
2015	744	56	60	0	0	4	864
2014	962	54	150	0	53	0	1,219
2013	879	137	0	0	0	0	1,016
2012	410	75	0	0	0	0	485
2011	167	143	0	0	0	0	310
2010	136	16	32	15	33	0	232
Total	4,074	622	529	15	86	7	5,333

Source: Sioux Falls Building Services Department and Planning Department, CPR

Typically, a cyclical pattern can be observed between multifamily construction and rental vacancy rates: high levels of construction eventually lead to higher vacancy rates, which in turn depress construction. As a result, vacancy rates climb once again, spurring construction.

In 2016, the South Dakota Multi-Housing Association's semi-annual survey of vacancy rates showed a slight uptick in conventional and tax credit rental vacancy rates. However, vacancy rates in HUD-subsidized housing remain low. The slightly higher conventional vacancy rate could be the leading edge of rising vacancy rates resulting from increased multifamily construction, but further data points will be necessary to confirm that trend.

**Figure 3.17 Rental vacancy rates for Sioux Falls and surrounding areas, 2008 - 2016**

Source: South Dakota Multi-Housing Association rental vacancy survey

Note: This survey's sample size varies, but in July 2016, it included 11,353 conventional units, 1,876 tax credit units, and 705 HUD subsidized units, or a total of about 13,934 of the city's nearly 30,000 rental units. The variability in HUD vacancy rates likely reflects the smaller sample size for that unit type, which has ranged as low as 227 in previous years.

### 3.5.1 Conventional rentals

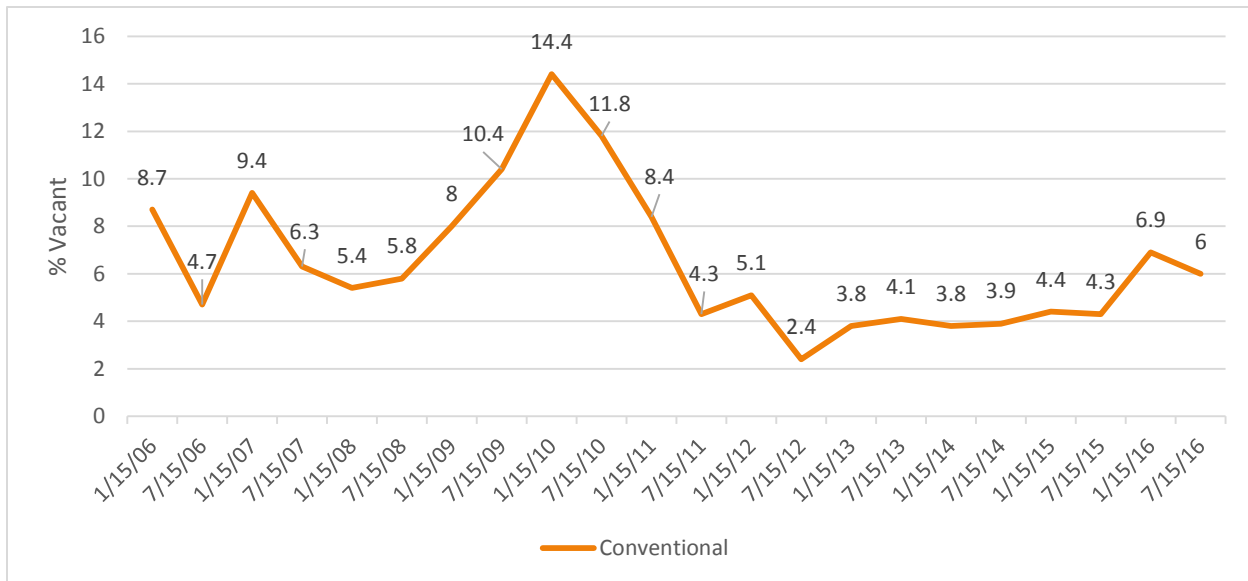
The large majority of the rental units in the city of Sioux Falls would be classified as conventional housing. This stock charges market rate rents and serves the general population, although some conventional properties may be age-restricted to seniors and near-seniors (age 55 and older). Conventional rental housing does not have rent controls, income limits, or occupancy restrictions imposed by outside regulations or programs. Instead, it is market-driven and largely responds to normal supply and demand considerations. Nearly all of the conventional housing within the city of Sioux Falls is privately owned and operated on a for-profit basis.

By later in 2016, the Sioux Falls rental stock will amount to approximately 30,500 rental housing units of all types. Around 1,300 additional units, permitted in 2016, will still be in the development pipeline and are likely to open in 2017. After subtracting rental units that exist in different market segments, including income-restricted housing, specialized senior housing with services, and housing targeted to special needs populations, there would be an estimated 24,000 to 24,500 conventional rental units available for occupancy in Sioux Falls by the end of 2016. By the end of 2017, this total should move above 25,000 total conventional units, representing as much as 78% to 80% of the entire rental inventory, a small increase

since 2010 when conventional housing made up an estimated 77% of all rental housing. Changes in the status of older income-restricted tax credit units, which have completed their compliance period and converted to conventional housing, have contributed to this increase.

The vacancy rate for 2016 was up from surveys over the past five years. As of July 2016, the South Dakota Multi-Housing Association reported a 5.95% vacancy rate in conventional market rate housing. The survey included 11,353 conventional units.<sup>15</sup>

**Figure 3.18 Conventional rental vacancy trends, 2006 – 2016**



Source: South Dakota Multi-Housing Association rental vacancy survey

The last time the conventional unit vacancy rate had exceeded 6% was in January of 2011, when it was recorded at 8.37%. The conventional housing vacancy rate had actually been below 4.4% since July 2012, before jumping higher in January 2016. From January 2002 until January 2012, the reported conventional rental vacancy rate was nearly always above 5%. However, starting in July 2012, the conventional vacancy rate decreased rapidly, and was at only 2.4% in that survey, the lowest point reached over the time period reviewed. In both of the 2014 surveys, the vacancy rate was less than 4%, before rising above 4% in 2015.<sup>16</sup>

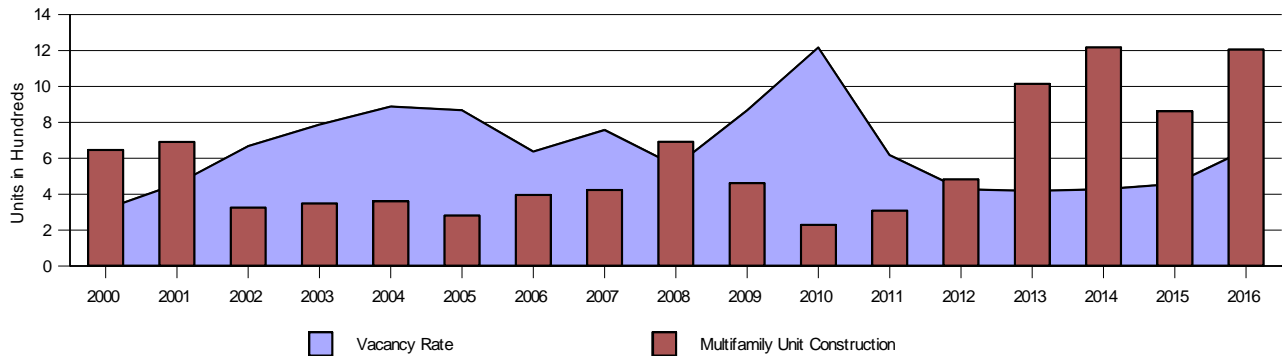
Vacancy rates tend to follow a cyclical pattern, paired with rental production. As the vacancy rate rises, construction activity in subsequent years tends to diminish. As vacancy rates begin to fall, construction typically increases again. This pattern holds in the Sioux Falls area. Strong unit production in 2000 and 2001 was followed by rising vacancy rates through 2005, and new construction activity after 2001 was at

<sup>15</sup> This vacancy calculation is based on the Sioux Falls area, which includes reporting rental units in Brandon, Harrisburg, and other communities within a 20-mile radius. However, more than 95% of the reporting units in any single survey are typically located within the city of Sioux Falls.

<sup>16</sup> Generally, a vacancy rate up to 5% is considered acceptable. A modest level of vacancy is desirable to allow tenant movement in the market by providing choices for prospective renters. It also allows a community the chance to grow, as new households moving into the area can immediately access a living unit.

a lower level for a few years. Above-average production in the years around 2008 and 2009 once again caused a vacancy spike, which peaked in 2010. This was once again followed by lowered production, especially in 2010 and 2011, which helped contribute to the dropping vacancy rate that started in 2012. But extremely strong multifamily construction in 2013, 2014, and 2015 may be starting to appear in a rising vacancy rate in the 2016 surveys.

**Figure 3.19 Rental vacancy and unit construction trends**



Source: South Dakota Multi-Housing Association rental vacancy survey, Sioux Falls Building Services Department and Planning Department, CPR

Although the vacancy rate in 2016 had risen above a desired level, the market has shown the ability to self-correct rather quickly, as evident between 2010 and 2011. While past history would suggest that rental unit construction will slow as vacancy rates rise, it is important to realize that unit construction since 2013 has been well above the annual recent average and that this above-average construction has been sustained for multiple years. Year-to-date permitting of multifamily housing has not shown any evidence of decreased construction. However, the vacancy rate has only been above 5% since the January 2016 survey, and it is probable that much of the 2016 construction activity was already advancing through the planning process by that time. Vacancy effects may have been dampened because the city of Sioux Falls has continued to add households at a very rapid rate, creating annual demand for rental units.

Over the last few years, relatively low vacancy rates have accompanied modest increases in rents. In 2015, the overall median gross rent level in Sioux Falls was \$745, up from \$648 in 2008, a 15% increase over this seven-year period. However, after adjusting for inflation, this does not represent a significant increase.

**Table 3.13 Median gross rent by number of bedrooms, 2015**

	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom+
Median Gross Rent	\$581	\$595	\$765	\$927	\$1,289	\$1,822

Source: 2015 ACS 1-year estimates

Note: ACS figures include all market segments (conventional, subsidized, tax credit, and some specialized senior housing), though the vast majority of units surveyed are conventional rentals.

Based on the 2015 American Community Survey, rents increased across all unit sizes between 2008 and 2015. For studio/efficiency units, the estimated median rent increased approximately 35%. For larger apartments, rent increased approximately 10% across the board, with the smallest increase seen among

two-bedroom units. Between 2008 and 2015, median gross rent for two-bedroom units increased approximately 8%. Because two-bedroom units represent the largest supply of rental housing options in Sioux Falls, the large inventory may have contributed to the very limited increase in the overall median rental rate.

The 2015 median gross rents reported by the American Community Survey are relatively similar to those recorded in the Multi-Housing Association survey from July 2016, which provides an updated look at rental rates by zip code.

**Table 3.14 Conventional housing average rental rates, July 2016**

Unit Type	57103	57104 west	57104 east	57105	57106	57108
Studio	\$483	\$421	\$437	-	\$636	-
1-Bdrm	\$583	\$570	\$539	\$659	\$668	\$829
2-Bdrm	\$744	\$758	\$655	\$766	\$808	\$931
3-Bdrm	\$921	\$894	\$846	\$1,090	\$1,026	\$1,048
4-Bdrm	\$1,233	\$1,308	-	\$983	\$1,324	\$1,280

Source: SD Multi-Housing Association

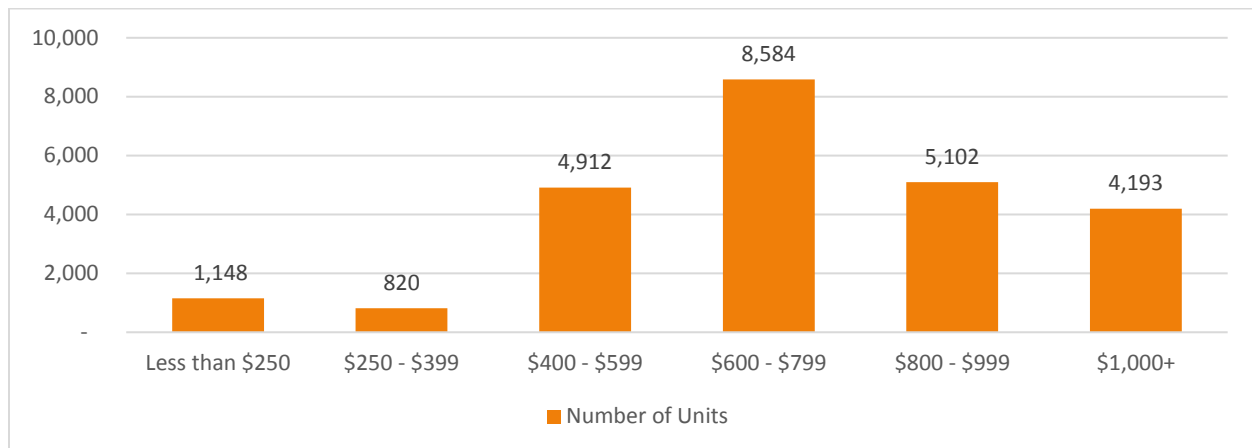
Note: The South Dakota Multi-Housing Association's survey contains a sample of about 13,000 units, including about 11,000 conventional rentals. However, once broken down by zip code and unit size, the number of units surveyed in any one category can be small, introducing potential sampling error. This is especially true for studio units and four-bedrooms, which are less common than one-, two-, and three-bedroom rentals. There were also significant differences in the number of reporting units within each zip code area. For conventional units, the largest reporting zip code was 57106, in the southwestern part of the city. This single zip code contained 36% of all the conventional units in the most recent survey.

Results from zip code area 57106 include the largest number of units and therefore are likely most representative of typical rents. In July 2016, the estimated average rent for a one-bedroom unit was \$668; average for a two-bedroom was \$808. The average rent for a three-bedroom was \$1,026.

**Table 3.15 Gross rental rates distribution, Sioux Falls, 2015**

Rental Rate	Number of Units	Percent of All Units
Less than \$250	1,148	4.64%
\$250 - \$399	820	3.31%
\$400 - \$499	1,490	6.02%
\$500 - \$599	3,422	13.82%
\$600 - \$699	4,382	17.70%
\$700 - \$799	4,202	16.97%
\$800 - \$899	3,299	13.32%
\$900 - \$999	1,803	7.28%
\$1000 - \$1249	2,556	10.32%
\$1250 - \$1499	1,021	4.12%
\$1,500 +	616	2.49%
Total	24,759	100%

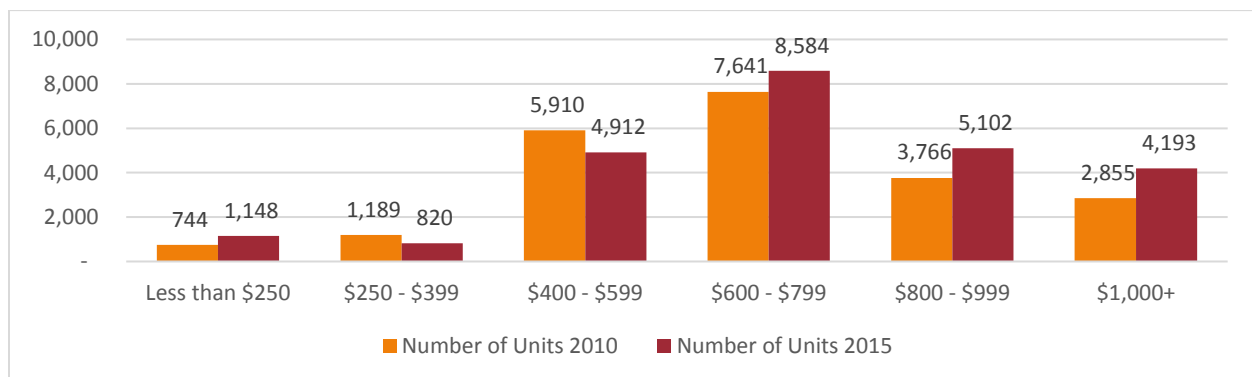
Source: 2015 ACS 5-year estimates, CPR

**Figure 3.20 Rental unit distribution by rent range, 2015**

Source: 2015 American Community Survey, CPR

According to the American Community survey, nearly half of all rental units in Sioux Falls have a gross monthly rent between \$500 and \$800 per month. Overall, nearly 62% of the city's units are within a range between \$500 and \$899.

Between 2010 and 2015, the number of units with a monthly rent of \$600 or more increased, while the number priced below \$600 decreased. Unit growth has been particularly strong in the price ranges of \$800 or more, which reflects the ongoing construction of new conventional housing.

**Figure 3.21 Rental unit distribution by rent range, 2010 – 2015**

Source: 2010 American Community Survey, 2015 American Community Survey, CPR

Although the data shows a small increase in the number of units with a monthly rent below \$250, this change is within the margin of error. If the lower price ranges below \$400 are aggregated, there has been essentially no change in the number of lower-priced units since 2010.

Due to strong household growth in recent decades, most of the city's rental housing is relatively new. About half of the rental stock in Sioux Falls was built after 1980. Less than 10% of the units were constructed before 1940, and only 21% of the stock is pre-1960 construction. However, more than one-

third of all units were constructed in the 1970s and 1980s. These older conventional rentals, which are now between 25 and 45 years old, represent much of the moderate rent housing that exists in Sioux Falls.

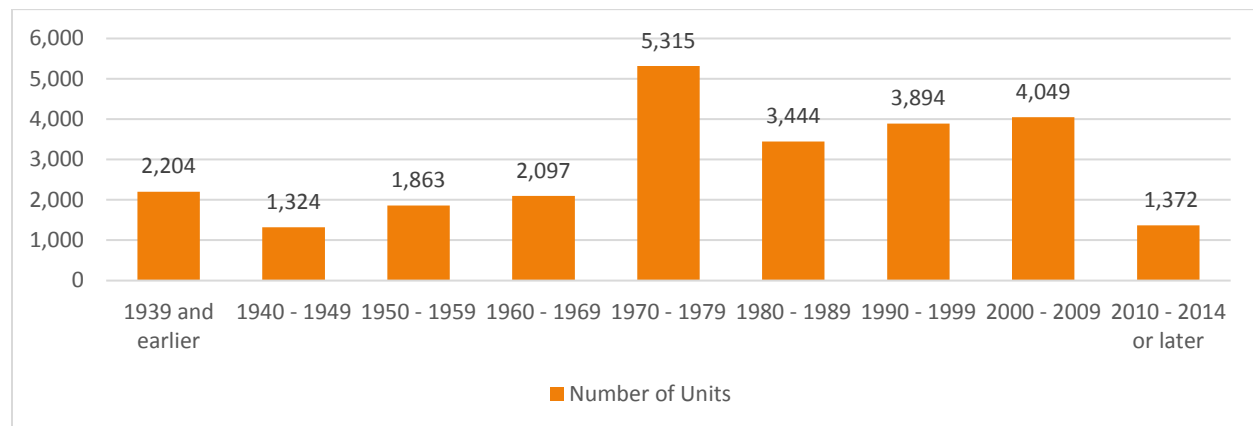
Figures on year of construction are inclusive of conventional, tax credit, and subsidized housing. Subsidized housing was typically constructed in the 1960s and 1970s. All of the city's tax credit inventory and most of the senior housing with services units were built after 1990. However, the vast majority of the rental housing inventory is conventional rentals.

**Table 3.16 Sioux Falls rental units by year of construction**

Year Built	Number of Units	Percent of all units
2010 - 2014	1,372	5%
2000 - 2009	4,049	16%
1990 - 1999	3,894	15%
1980 - 1989	3,444	13%
1970 - 1979	5,315	21%
1960 - 1969	2,097	8%
1950 - 1959	1,863	7%
1940 - 1949	1,324	5%
1939 and earlier	2,204	9%
<b>Total</b>	<b>25,562</b>	<b>100%</b>

Source: 2015 ACS 5-year estimates, CPR

**Figure 3.22 Rental units by year of construction**



Source: 2015 ACS 5-year estimates, CPR

These figures do not yet represent recent rental construction permitted in 2013 or later. For the period between 2013 and 2016, an average of more than 1,000 rental units per year has been constructed. Although adding new construction activity would shift the median year of construction forward, the decade of the 1970s still represents the peak 10-year period for rental housing construction; the adjusted median will still reflect a substantial inventory of rental units that are more than 30 years old.

### 3.5.2 Tax credit properties

Since the late 1980s, the federal low income housing tax credit program (abbreviated LIHTC and also referred to as Section 42) has been the federal government's primary financial incentive for the

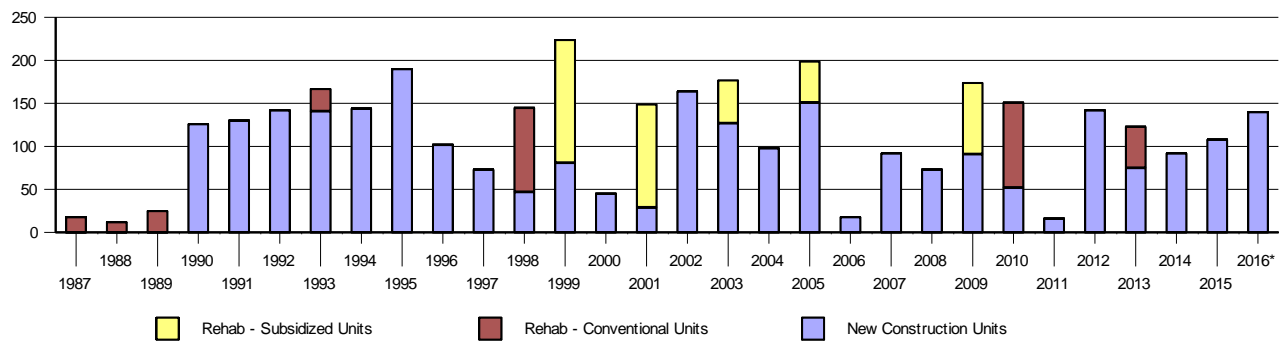


production of more affordable rental housing. Tax credits and similar funding are awarded in an annual competition by the South Dakota Housing Development Agency (SDHDA).

Between 1987 and 2015, SDHDA awarded more than 85 separate tax credit projects in Sioux Falls.<sup>17</sup> Currently, Sioux Falls has a total of approximately 3,579 tax credit units. Of these units, more than 650 were existing units that were rehabilitated with tax credit dollars, and about 2,900 were new construction added to the rental inventory.

In the first few years of the program, tax credit awards were often made for rehabilitation of older, existing conventional rental projects. While rehabilitation projects did not necessarily expand the number of affordable housing units available in the city, in many cases they did increase the number of units that must comply with the income, occupancy, and rent requirements of the tax credit program. However, a number of projects awarded starting in 1999 were for the rehabilitation/preservation of older subsidized housing. HUD-subsidized developments from the 1970s and 1980s have sometimes received tax credit awards to facilitate major renovation and transfer of ownership. While the use of tax credits required compliance with income and rent restrictions, these subsidized projects already had many similar requirements in place and were serving an even lower income group than other tax credit projects. In such cases, the additional layering of tax credit requirements did not alter the type of affordable housing that was already being offered.

**Figure 3.23 Sioux Falls tax credit units by year placed in service**



Source: National Housing Trust, CPR 2010 telephone survey, SDHDA

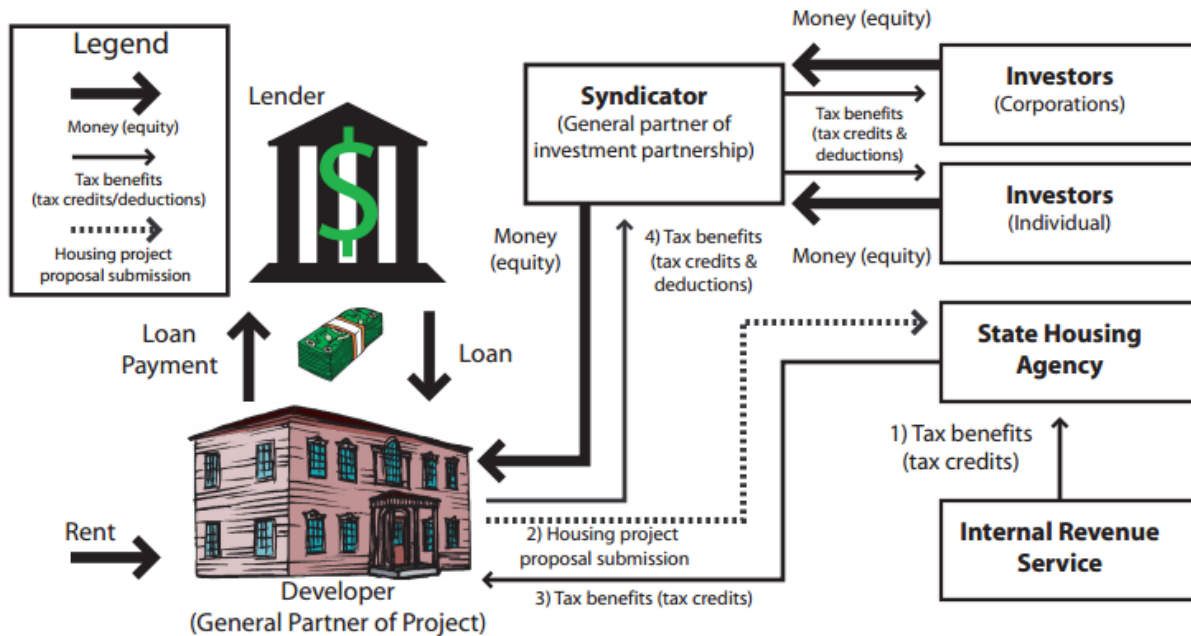
Note: Excludes projects that target very specialized populations, such as people with developmental disabilities, transitional housing, homeless populations, or supportive housing for people with severe and persistent mental illness, because these properties are not typically available to the broader rental community.

Prior to the tax credit program, the federal government had prioritized public housing and subsidized housing that served extremely low-income people; these programs required deep subsidies, generally in the form of project-based assistance, and allowed tenants to pay rent based on 30% of their household income. The tax credit program marked a shift away from subsidized housing for extremely low-income people toward affordable rentals for a more moderate income renter population.

<sup>17</sup> In some cases, a single rental complex might receive multiple awards over a period of several years as new buildings are added.

Instead of deep subsidies for renters, the tax credit program provides shallow financial assistance to developers. The IRS issues tax credits to the SDHDA, which in turn receives and reviews proposals from developers. SDHDA awards tax credits to selected developers, who pass on the tax credit to a syndicator in return for additional equity financing. The syndicator passes tax credits on to investors who provide the equity financing. By increasing the equity investment up front, tax credits reduce the loan amount required for a project, which brings costs down and allows the developer to ask lower rents.

**Figure 3.24 The low income housing tax credit (LIHTC) program**



Source: Danter Company, adapted from a chart used by the GAO in testimony before Congress (GAO/T-GGD/RCED-97-149).

Tax credits help developers finance the construction of attractive rental housing, allowing them to ask lower rents than comparable market housing. Although tax credit properties do impose income caps on eligible renters, they do not base rent on tenants' incomes. Instead, by increasing the equity available to developers, tax credits reduce the overall cost of the project, allowing property managers to ask lower rents. However, unless other forms of financial assistance have also been secured by the developer, tax credit projects rarely reduce rent enough to serve very or extremely low-income renters.<sup>18</sup> As a result, most tax credit rental housing has tended to serve a narrower band of income levels. Tax credit units cannot accept households that earn more than 60% MFI because their income is too high, and will generally not accept households below 40% MFI because their income is too low.

In exchange for financial assistance, housing developers are required to meet certain income, rent, and occupancy restrictions in tax credit housing. For income, assisted units have to serve households that are

<sup>18</sup> Several other federal programs provide funding that can be combined with tax credits to make projects more affordable. Details are provided at the end of this section.

below defined annual household income levels, which are adjusted by household size. The maximum allowable income for tax credits is based on 60% MFI. To successfully compete for tax credit awards, some units may need to meet an even lower income level, such as 30% to 50% MFI. Income limits for tax credit housing are a very important operational component, as tenants must be income-certified in order to reside in an assisted unit.

During the initial 15-year contract compliance period, occupancy restrictions also apply. For example, full-time students without an income-earner are not generally eligible to reside in a tax credit unit. In Sioux Falls, these occupancy restrictions do not necessarily have a major impact on projects, unlike communities with major universities where students represent a large share of the renter population.

Gross monthly rental rates are set annually by HUD based on income level and unit size, though in practice, rates for tax credit units are often very similar to the moderate rent range within the conventional segment of the local market. In Sioux Falls, rent caps rarely impact the operation of assisted projects; most tax credit units must charge monthly rents below the maximum allowable levels in order to remain competitive in the marketplace.

**Table 3.17 Tax credit property maximum rents by income level, 2016**

	Efficiency	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Fair Market Rent	\$465	\$593	\$745	\$1,015	\$1,219
SDMHA Average	\$581	\$575	\$643	\$770	\$882
60% MFI Max	\$756	\$810	\$972	\$1,123	\$1,253
40% MFI Max	\$504	\$540	\$648	\$749	\$835
30% MFI Max	\$378	\$405	\$486	\$562	\$626

Source: Calculations based on FY2016 HUD fair market rents, MFI, and income limits. SDMHA average rents based on the South Dakota Multi-Housing Association's July 2016 survey of tax credit properties within a 20-mile radius of Sioux Falls.

In Sioux Falls, the rent asked for tax credit units targeted at 60% MFI tends to be limited by the market rather than tax credit program guidelines. For every unit size, fair market rent is actually lower than the 60% MFI rent caps imposed by the tax credit program, and average tax credit rents reported by the South Dakota Multi-Housing Association's survey fall well below the 60% caps. According to the 2014 American Community Survey, more than 76% of all rental housing in Sioux Falls had a gross monthly rent below \$900, compared to a maximum allowable rent of \$972 for a two-bedroom tax credit unit in 2016. More than 63% of all units had a monthly gross rent below \$800.

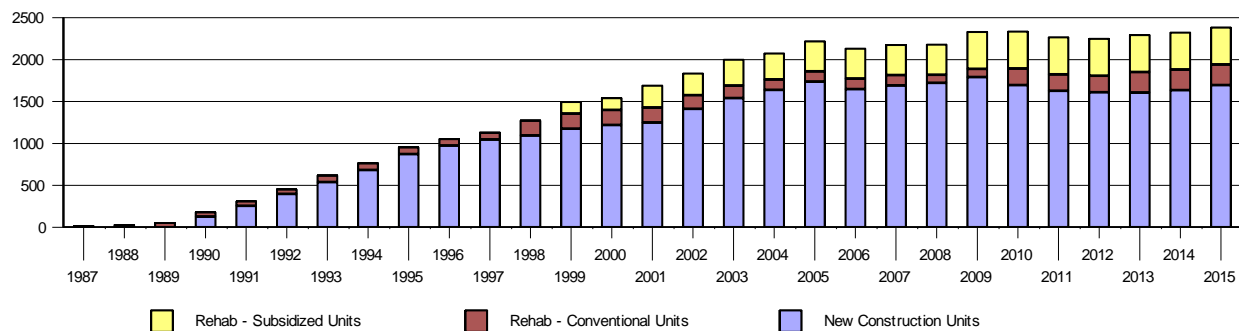
Granted, newer tax credit properties have amenities that make them comparable to higher priced rentals, meaning they would rent above average fair market rents on the open market.<sup>19</sup> In Sioux Falls, most of the city's rental stock is more than 30 years old, yielding a supply of older, moderately priced conventional units. Indeed, national-level research suggests that, compared to the conventional rental housing stock as a whole, tax credit properties are newer and have more amenities. Therefore, the primary benefit of

<sup>19</sup> Fair market rent is calculated for the Sioux Falls MSA as a whole. It is based on rents reported by households in the American Community Survey, which is a representative survey of the entire spectrum of rentals, including both older and newer conventional rentals.

tax credit rentals may not be to reduce rents, but to provide better quality and newer units.<sup>20</sup>

Despite the fact that new construction and rehabilitation projects have added tax credit units each year in Sioux Falls since 2010, the total active inventory has remained relatively stable since 2009. This has been due to the ongoing expiration of contractual requirements for projects from the 1980s and first half of the 1990s. Over time, tax credit properties age out of contractually defined compliance periods. In the 1980s and the early 1990s, the affordability period was 15 years. As a result, all of the projects placed in service in the 1980s have fulfilled their contractual requirements and are no longer under tax credit program regulations. Starting in the mid-1990s, some of the contractual requirements were changed, and an additional 15-year period of extended compliance was added. Projects in South Dakota that were placed in service after the change complete the initial 15-year period as before, then have the option to continue into an extended compliance phase, apply for a new round of tax credits for rehabilitation and start a new compliance requirement, or pursue a qualified contract process that allows them to convert to conventional housing.

**Figure 3.25 Active annual inventory of tax credit rental units in Sioux Falls**



Source: National Housing Trust, CPR 2010 telephone survey, SDHDA

Based on information supplied by SDHDA, more than 460 older tax credit units were removed from the compliance inventory between 2010 and 2015. Most were removed due to the fulfillment of their contractual obligations. These units have largely converted to conventional rental housing. The removal of older units from the active inventory has effectively negated the impact of new units that were awarded and placed in service, resulting in very little net change in the tax credit inventory.

However, this pattern of annual contract fulfillment will soon end. Starting with new allocations in the late 1990s and early 2000s, SDHDA changed its application scoring process to reward projects that will stay in the tax credit program for up to 40 years through initial and extended compliance periods. While some of the program requirements may be relaxed after the initial 15 years are met, the extended compliance for an additional 15 to 25 years will keep most of the recently funded projects in the affordable housing inventory for many years. In 2014, no Sioux Falls projects left the tax credit program through the qualified contract process, and in 2015, only one project with 48 units left the tax credit program.

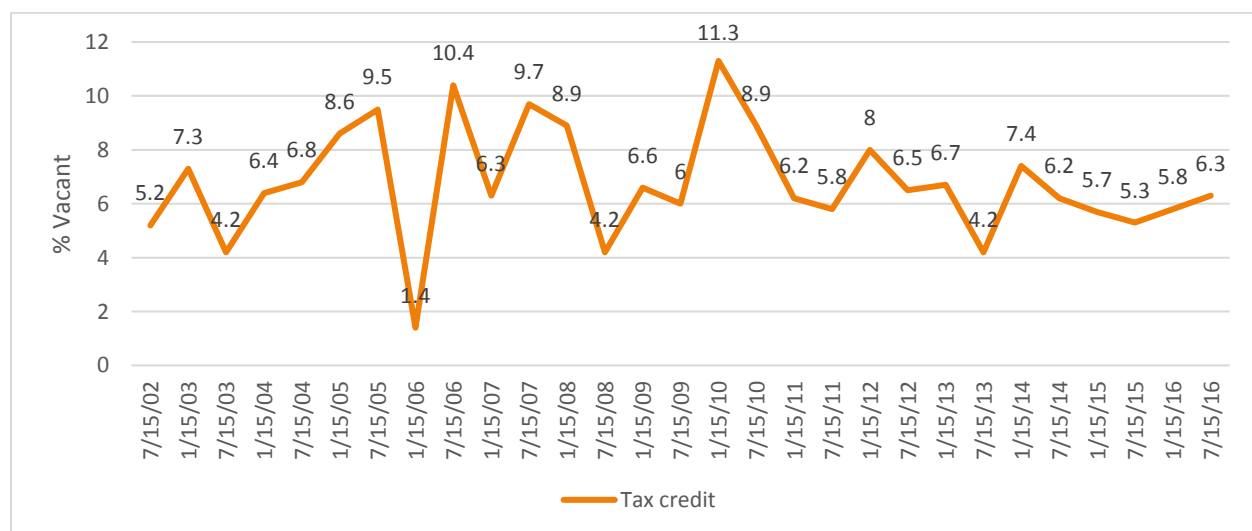
<sup>20</sup> Gregory S. Burge, 2011. "Do Tenants Capture the Benefits from the Low-Income Housing Tax Credit Program?" *Real Estate Economics* 39(1):71-96.

Extended compliance periods are unlikely to significantly increase the stock of affordable housing. As tax credit properties age, the rent they could command on the open market falls. Studies suggest that less than half of tax expenditures are captured as rent savings, and the gap between maximum rent and market rent typically disappears by the end of the affordability period if not sooner (i.e., often after 15 years). As a consequence, extended affordability periods probably have little impact on maintaining affordability. Especially at higher income levels (i.e., 60% MFI), tax credit units likely crowd out private construction.<sup>21</sup>

Because rent naturally decreases as projects age, exiting compliance periods will not change most projects' affordability. What will change are the occupancy restrictions and guarantees imposed during the tax credit compliance period. When a project converts to conventional housing, it is no longer prevented from accepting higher income households. Other occupancy restrictions imposed by the tax credit program, such as a prohibition on admitting full-time student households, would also disappear.

In July 2016, the South Dakota Multi-Housing Association's vacancy survey found a vacancy rate of 6.3% among tax credit units in the Sioux Falls area. That rate has remained relatively stable over the past few years. With the exception of a slight vacancy spike in January 2014, the rate has generally stayed between 4.2% and 6.7%. The tax credit vacancy rate has not been above 9% since January of 2010.<sup>22</sup>

**Figure 3.26 Tax credit rental housing vacancy rate trends, 2002 – 2016**



Source: South Dakota Multi-Housing Association vacancy survey

### 3.5.2.1 Recent and pending changes in inventory

Since the tax credit inventory was previously reported in the 2010 Housing Study, a total of 553 tax credit units designated for general occupancy or senior occupancy have received awards. Most of these have

<sup>21</sup> Gregory S. Burge, 2011. "Do Tenants Capture the Benefits from the Low-Income Housing Tax Credit Program?" *Real Estate Economics* 39(1):71-96.

<sup>22</sup> The most recent vacancy survey included 1,876 tax credit units, but the sample size has varied over time. For example, in January 2006, only 296 tax credit units responded to the survey. Small sample size may account for some of the variation in reported vacancy rates.

completed construction or are under construction in 2016. Based on a review of SDHDA records, the following projects have been awarded credits since 2010. Projects are ordered by the year the initial award was made, but the year reported below is the year the project was placed in service. The list excludes some additional projects that target special needs.

- **Monterey Apartments** - 16 general occupancy units (2011)
- **Grant Square II** - 24 general occupancy units (2012)
- **Red Oak Apartments** - 49 senior occupancy units (2012)
- **Spring Centre Apartments** - 31 general occupancy (2013)
- **City Center/Good Samaritan** - 44 senior occupancy units (2013)
- **Turning Leaf** (rehab) - 48 general occupancy rehab units (2013)
- **Sioux Falls Ministry Housing** - 30 general occupancy units (2014)
- **Chasing Willows** - 62 general occupancy units (2014)
- **Ellis Court** - 56 general occupancy units (2015)
- **YMCA Housing** - 52 general occupancy units (2015)
- **Arbor Ridge** - 62 senior occupancy units under construction
- **Chasing Willows II** - 40 general occupancy units under construction
- **Technology Heights** - 39 general occupancy units under construction

Although federal tax credits represent the primary production/preservation program for moderate rent, affordable housing, other programs and resources have also been available on a limited scale, including HUD's HOME Program, the Neighborhood Stabilization Program (NSP) included as part of the federal stimulus program of the late 2000s, and special funding pools created by the South Dakota state legislature, such as the Housing Opportunity Fund. In many cases, the other affordable housing resources, such as HOME or NSP, are provided in conjunction with tax credits, and similar basic regulations apply, though these programs' rules differ somewhat from tax credits. For example, they may have slightly different income limits, which could range from 30% to 80% MFI. Still, they also contribute to the creation of affordable rental housing.

In addition to the tax credit awards listed above, the following affordable rental projects have been constructed using public resources other than tax credits. These projects were developed by Affordable Housing Solutions.

- **Graff Apartments** - 8 general occupancy units (2010)
- **Duluth Heights Apartments** - 11 general occupancy units (2014)
- **Homestead Trail Homes** - 2 general occupancy preservation units (2012)
- **Spring Pointe** - 4 general occupancy units (2014)
- **Highland Five** - 5 general occupancy units (2014)

The projects developed by the nonprofit Affordable Housing Solutions have added or preserved 30 total units, using funding other than tax credits. These units have not been included in the charts provided earlier showing tax credit unit additions over time, and they are not in charts showing the active inventory of tax credit housing.

While these units add to the stock of affordable rental housing, expiring affordability periods may result in unit loss. Through 2021, about 1,100 tax credit units are expected to exit their affordability periods. A list of properties with upcoming expiration dates is provided in the appendix of tables (see Table 14.1). However, a caveat is due: The reported expiration date is based on records maintained by the National Housing Preservation Database, not direct examination of contracts; it may be subject to error. Owners may also choose to voluntarily maintain unit affordability even after the contract affordability period has expired, and individual cases may be subject to additional regulatory requirements that extend affordability based on state or local support received in addition to tax credits or HUD subsidies documented here.

**Table 3.18 Subsidized units at risk of loss**

	Section 8	Section 202	FHA	LIHTC	HOME	Total units losing all HUD subsidies (latest end date)
2016	173	0	0	277	11	403
2017	24	0	0	188	16	129
2018	117	0	0	61	7	143
2019	200	16	0	277	46	472
2020	153	0	0	151	44	262
2021	102	0	0	198	0	314
2022	0	0	0	310	2	272
2023	0	0	0	241	0	190
2024	48	48	0	393	0	342
2025	0	0	0	239	0	239
2026	0	24	0	264	28	211
2027	0	0	0	117	0	112
2028	0	0	0	46	40	87
2029	0	0	0	268	4	299
≥ 2030	277	0	391	148	129	1,021

Source: National Housing Preservation Database, South Dakota file, accessed 6/15/2016

### 3.5.3 Subsidized rental housing

Subsidized housing refers to rental projects with federal or state subsidies that provide housing for very low-income and extremely low-income people. In the city of Sioux Falls, nearly all of the subsidized rental housing has used one or more of the various programs available through HUD. Generally, subsidized housing charges rent based on 30% of the tenant's household income. Most subsidized housing serves households below 50% MFI, referred to by HUD as very low-income (less than 50%) or extremely low-income (less than 30%) renters.

Since 2010, there has been a small gain in subsidized housing options. The 2010 Housing Study found 45 separate projects in Sioux Falls that met the basic definition of subsidized housing. Some of these projects provide general occupancy housing, some were designated for seniors and/or disabled tenants, and a few of the projects served very targeted special populations. One project was inadvertently omitted from the 2010 Housing Study: Pasque Meadow was not correctly identified at that time as subsidized housing.

Pasque Meadow is a HUD Section 202 project with 39 apartment units that are designated for senior-occupancy, age 62 and older.

With the inclusion of Pasque Meadow, 1,474 units in Sioux Falls offered subsidized housing in 2010. The distribution of these units by market segment was as follows:

- 803 general occupancy subsidized units in 23 projects
- 525 senior and/or disabled occupancy subsidized units in 15 projects
- 146 special needs/disabled occupancy units in 7 projects

In most cases, the subsidized units serving special needs populations are not available to the broader base of renter households in the community. For example, a number of the subsidized projects for special needs groups serve individuals with developmental disabilities, and they are generally owned by nonprofit organizations that provide supportive services.

Since 2010, very few additions to the subsidized inventory have occurred:

- ***Crocus Meadow*** - This HUD Section 811 project opened for occupancy in 2011. Crocus Meadow has 15 apartment units that are designated for occupancy by tenants who have a qualifying physical disability. All units are fully accessible and have access to project-based rent assistance, allowing rent calculated from 30% of household income.
- ***Summit Heights*** - This project provides housing for people in chemical or alcohol dependency programs. There are 37 total units.
- ***VOA Living Center II*** - This HUD Section 811 project serves people with disabilities who need supportive services. There are 20 one-bedroom apartment units. All units have access to project-based rent assistance, allowing rent calculated from 30% of household income.

These projects serve very targeted segments of the population, so this housing, while affordable, is not available to most renters. As a result, these projects are viewed as adding to the special needs housing inventory.

Meanwhile, the supply of subsidized housing present in 2010 has remained relatively stable. The only unit losses that could be identified were approximately 10 rental units that had been assisted through HUD's Mod Rehab Program, which was active in the 1970s and 1980s and was used to improve existing rental housing. As part of the assistance, project-based rent assistance contracts were provided. The 2010 Housing Study identified approximately 89 remaining Mod Rehab units in Sioux Falls. By 2016, it appears that only 79 remain.

With the removal of 10 Mod Rehab units and the inclusion of the three new buildings, the project-based subsidized unit distribution in 2016 is as follows:

- 793 general occupancy subsidized units in 22 projects
- 525 senior/disabled occupancy subsidized units in 15 projects
- 218 special needs/disabled occupancy units in 10 projects



The South Dakota Multi-Housing Association's July 2016 survey found a vacancy rate of 1.99% for subsidized properties in Sioux Falls.<sup>23</sup> Most of the unoccupied units were in one-bedroom apartments, although some three-bedroom and four-bedroom vacancies also existed. While these units may have been vacant at the time of the survey, it is probable that waiting lists also existed, especially for the three- and four-bedroom options, which are in very limited supply.

In addition to project-based rent assistance, tenant-based assistance is available for very and extremely low-income renters, primarily through the HUD Section 8 Housing Choice Voucher Program.<sup>24</sup> Unlike project-based assistance, which is tied to particular buildings and units, tenant-based assistance is portable and follows the household when they move.

Voucher holders pay a defined portion of their household income (typically 30%) for their rent, and the voucher covers the difference between the tenant's contribution and asking rent. Vouchers can be used in any suitable rental housing unit, provided its rent is set below a defined gross-rent threshold and the unit can pass a Housing Quality Standards inspection.

In July 2016, between 1,900 and 2,000 renter households in Sioux Falls had access to some form of tenant-based rent assistance. This number represents an increase since 2010 of about 100 households, primarily attributed to an increase in VASH (Veterans Affairs Supportive Housing) funding for homeless veterans.

Although vouchers can be used in any type of unit, many voucher holders in Sioux Falls use them in tax credit properties. In 2016, Sioux Falls had more than 1,800 households with a voucher. In July, 378 of these households, or more than 20% of all voucher holders, were using the assistance in a tax credit rental project. At the time of the 2010 Housing Study, between 450 and 500 voucher households were believed to be using the assistance in a tax credit rental project. Based on estimates of active tax credit units in 2016, and excluding subsidized projects that also used tax credits, between 19% and 20% of the moderate rent tax credit units in the city are occupied by a voucher holder, which effectively lowers the rent and the required income level for tenant households.

Currently, Sioux Falls has approximately 1,300 subsidized units, plus 1,800 vouchers that subsidize tenants' rent. Together, unit- and tenant-based subsidies assist about 3,000 households, or 5,750 people. These 3,000 subsidized households are equivalent to around 30% of the nearly 10,000 renter households earning less than 50% MFI.

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<sup>23</sup> For this survey wave, subsidized housing results were based on fewer than 400 reporting units.

<sup>24</sup> Some additional small-scale tenant-based rent assistance programs target specific groups, e.g., homeless veterans.

**Table 3.19 Subsidized housing in Sioux Falls, 2015**

Program	Units Available	Number of People	% with Children
Public Housing	25	87	82%
Housing Choice Vouchers	1,811	3,922	44%
Mod Rehab	73	152	54%
Project Based Section 8	921	1,397	24%
202/PRAC	135	139	M
811/PRAC	54	53	M
Summary of all HUD programs	3,019	5,750	36%

Source: U.S. Department of Housing and Urban Development, A Picture of Subsidized Households, 2015 based on 2010 Census. M = missing. "Units available" is defined as "Number of units under contract for federal subsidy and available for occupancy."

Individuals and families who manage to obtain subsidized housing or a housing voucher tend to hold onto it. On average in Sioux Falls, people living in subsidized housing have been there for 75 months.

**Table 3.20 Subsidized housing in Sioux Falls: Average months since moved in, 2015**

Program	Units Available	Number of People	Average Months Since Moved In
Public Housing	25	87	93
Housing Choice Vouchers	1,811	3,922	83
Mod Rehab	73	152	36
Project Based Section 8	921	1,397	64
202/PRAC	135	139	58
811/PRAC	54	53	50
Summary of all HUD programs	3,019	5,750	75

Source: U.S. Department of Housing and Urban Development, A Picture of Subsidized Households, 2015 based on 2010 Census. M = missing.

### 3.5.3.1 Voucher waiting list

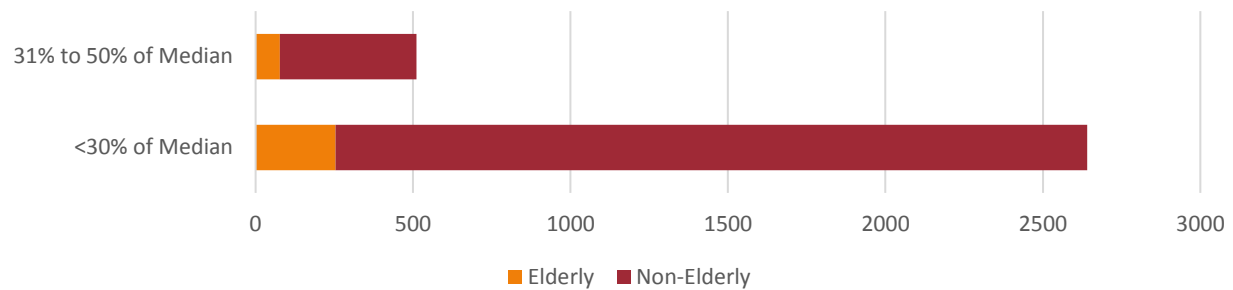
The Sioux Falls Housing and Redevelopment Commission (SFHRC) maintains a detailed waiting list for its subsidized housing programs. To qualify for the waiting list, a household must generally have an income that is at or below 50% MFI, adjusted by household size. As of June 1, 2016, the waiting list had 3,152 total households listed. On average, families spend over 3 years (39 months) on the waiting list before becoming eligible for a voucher.

Since voucher assistance is portable, some communities see their waiting lists grow from non-local demand as people living in other cities and states apply to lists around the United States. According to SFHRC staff, this has not been the case in Sioux Falls, where the vast majority of households on the waiting list have a local address. Sioux Falls does require that households receiving a voucher live in the city for one year before the voucher can be ported, which helps to discourage people from applying with the intent of moving the voucher to a different community.

**Table 3.21 Waiting list characteristics: Income and household type**

	30% or Less of Median Income	31% to 50% of Median Income	Total
Total Elderly (62+)	254	77	331
Total Non-Elderly	2,387	434	2,821
Total - All Households	2,641	511	3,152

Source: Sioux Falls Housing and Redevelopment Commission, CPR

**Figure 3.27 Waiting list by income range and household type**

Source: Sioux Falls Housing and Redevelopment Commission, CPR

In Sioux Falls, more than 89% of the households on the waiting list have a head-of-household younger than 62 years old. Compared to 2010, the 2016 waiting list has a larger proportion of elderly households but a similar income distribution. The 2016 waiting list contains 60 additional elderly households but 484 fewer non-elderly households. In 2010, approximately 93% of waiting list households were non-elderly, compared to approximately 89% in 2016. In both 2016 and 2010, approximately 83% of all households on the waiting list were extremely low-income (below 30% MFI).

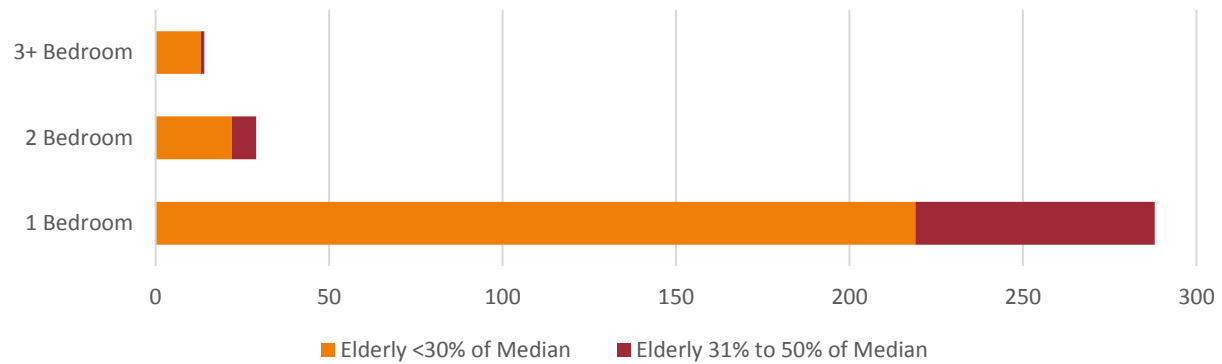
Nearly 55% of elderly households also had a household member with a disability. Since most elderly households had only one member, in most cases the head of household was both elderly and disabled. Approximately 36% of the non-elderly households also had a household member with a disability. Most of the disabled households also had only one member, so the head-of-household was disabled. In total, more than 57% of the households on the waiting list were non-elderly and non-disabled.

Approximately 87% (288) of elderly households and 39% (1,101) of non-elderly households need a one-bedroom rental unit. Nearly 30% (837) of non-elderly households need two bedrooms. The remaining 31% (883) of non-elderly households need three or more bedrooms.

**Table 3.22 Waiting list characteristics: Elderly by bedroom needs**

Household Type	One- Bedroom	Two- Bedroom	Three- Bedroom+	Total
Elderly < 30% of income	219	22	13	254
Elderly 31%-50% of income	69	7	1	77
Total - Elderly	288	29	14	331

Source: Sioux Falls Housing and Redevelopment Commission, CPR

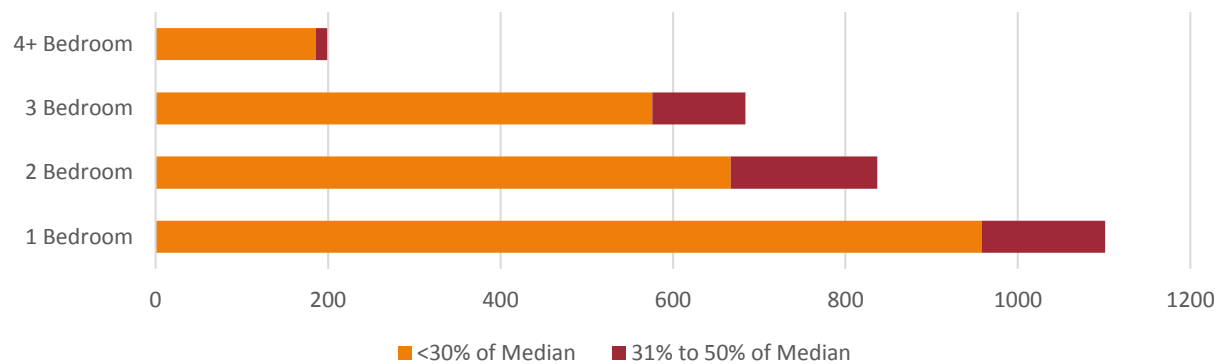
**Figure 3.28 Elderly waiting list by number of bedrooms needed**

Source: Sioux Falls Housing and Redevelopment Commission, CPR

**Table 3.23 Waiting list characteristics for non-elderly by bedrooms**

Household Type	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom+	Total
Non-elderly < 30% of income	958	667	576	186	2,387
Non-elderly 31% to 50%	143	170	108	13	434
Total - Non-Elderly/Disabled	1,101	837	684	199	2,821

Source: Sioux Falls Housing and Redevelopment Commission, CPR

**Figure 3.29 Non-elderly waiting list by number of bedrooms needed**

Source: Sioux Falls Housing and Redevelopment Commission, CPR

Although a relatively small percentage of households need four or more bedrooms, those 199 very large households also have very or extremely low incomes. As a result, they would have limited unit choices with four or more bedrooms in the private housing market, even if they had a voucher. In many cases, households in this category will need to look for larger single family houses that have been converted to rental use.

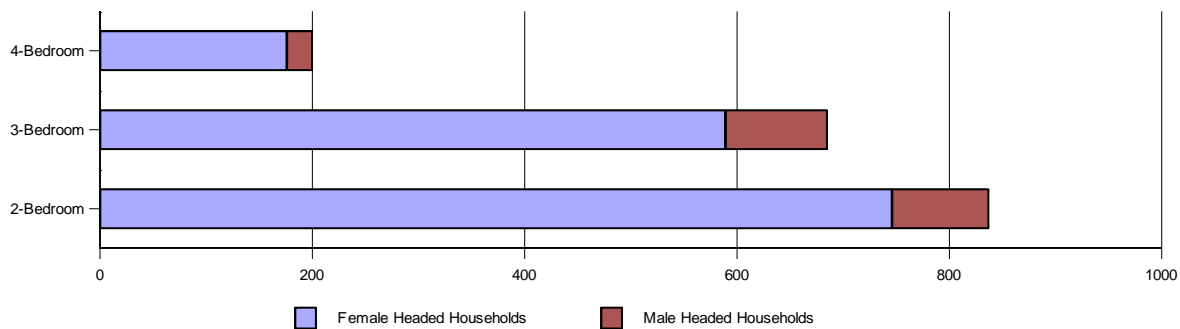
Non-elderly households with two or more members are likely families with children. In this category, nearly 88% of households are headed by women.<sup>25</sup>

**Table 3.24 Waiting list: Non-elderly with two or more members**

Household Type	Two-Bedroom	Three-Bedroom	Four-Bedroom+	Total
Female Headed Household	746	589	176	1,511
Male Headed Household	91	96	24	211
Total - Non-Elderly	837	685	200	1,722

Source: Sioux Falls Housing and Redevelopment Commission, CPR

**Figure 3.30 Non-elderly waiting list by gender of head-of-household by bedrooms**



Source: Sioux Falls Housing and Redevelopment Commission, CPR

For all people on the waiting list, regardless of age or household composition, nearly 55% were white, 24% were Native American, 21% were black, and less than 1% were listed in other racial groupings.

By comparison, the 2010 Housing Study reported 3,572 households on the waiting list, of whom 66% were white, 21% were Native American, 12% were black, and less than 1% were listed in other racial groupings. The changing demographics of the waiting list reflect growing diversity in Sioux Falls and race-based income disparities.

### 3.6 HOUSEHOLDS AT RISK

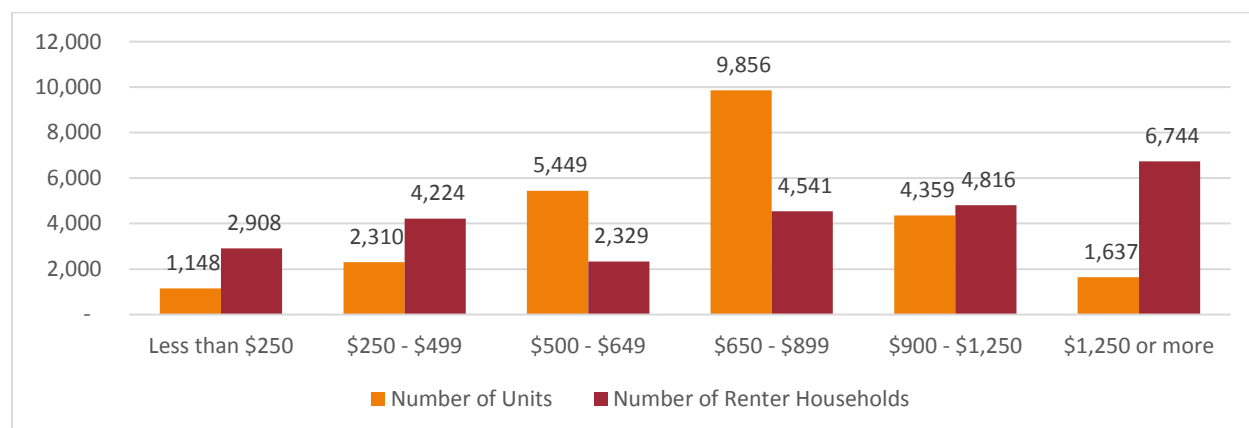
Ultimately, households that struggle to find and pay for affordable housing face stress and instability, which may negatively affect careers and employment, relationships and parenting, or the ability to find housing in the future, especially if missed rent leads to eviction. Eviction has serious deleterious effects on outcomes across the life course, and especially for children, whose education and emotional and social

<sup>25</sup> While this information does not guarantee the presence of children, most of these probably represent a parent(s) with children household. For example, in the 837 non-elderly households waiting for a two-bedroom unit, there were 871 children present, age 17 and under. The bedroom requirement depends on both household size and gender. For example, a parent with two children of the same gender would qualify for a two-bedroom unit, whereas the family would qualify for a three-bedroom unit if the children were different genders.

stability are interrupted by the cycle of instability that eviction launches.<sup>26</sup> Making affordable housing available is an important means to provide all households with shelter and stability.

Comparing rent and income distributions for renter households reveals a housing gap for low-income households. In this analysis, the calculation of ability to pay assumes a goal that no more than 30% of income is used for rent.

**Figure 3.31 Households by income versus units by rent range, 2015**



Source: 2015 ACS 5-year estimates, CPR

Currently, there is an estimated unit gap of about 3,600 units for households with incomes below \$20,000. Households with an annual income below \$10,000 can afford monthly rent of no more than \$250. In Sioux Falls in 2015, there were approximately three times as many renter households with an annual income below \$10,000 as there were units with a gross rent of \$250 or less, a gap of about 1,800 units. Additionally, there is a gap of about 1,900 units with monthly rents between \$250 and \$499.

While low-income households face a unit shortage, moderate rent units are in abundance. The unit supply in the price ranges between \$500 and \$649 outnumbers the number of renter households with commensurate income levels. Presumably, this rent range reflects much of the older conventional rental stock, along with some of the more moderate tax credit housing. Sioux Falls also has a very large supply of rental units priced between \$650 and \$900, more than double the number of renter households with an annual income between \$25,000 and \$35,000. This price range reflects a large volume of conventional rental housing, plus many of the moderate rent tax credit units built over the last decade.

The number of rental units priced between \$900 and \$1,250 is well matched with the number of households with annual incomes between \$35,000 and \$50,000. With ongoing rental unit construction within the past two or three years, the number of units in this price range has likely grown. In the highest rental price range, renter households again outnumber units available. Most of the new conventional rental housing constructed in Sioux Falls in recent years has been oriented to higher-income renters. This

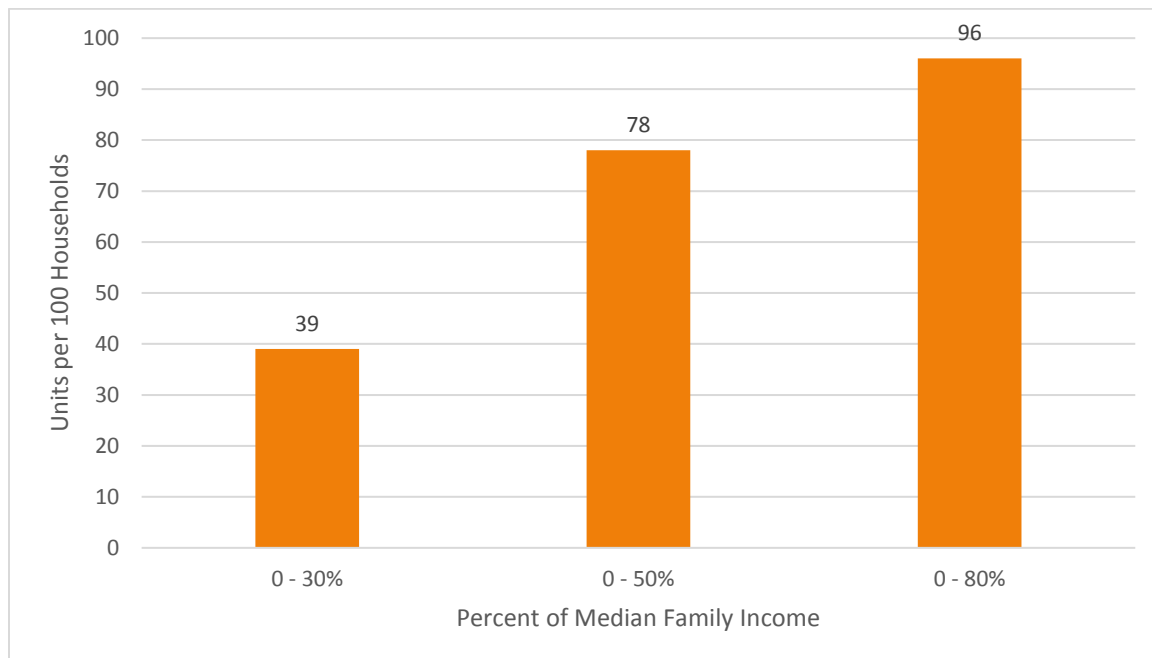
<sup>26</sup> Matthew Desmond and Rachel Tolbert Kimbro, "Eviction's Fallout: Housing, Hardship, and Health," *Social Forces* 94, no. 1 (September 2015): 295–324, doi:10.1093/sf/sov044.

analysis suggests that higher-priced housing is well positioned to serve the growing market of higher income renters.

In Sioux Falls, the supply of units in the more moderate rent ranges exceeds the number of moderate income renter households. However, this does not necessarily imply that affordable units are readily available. Many affordable units are absorbed by renter households who could afford to pay more for housing but instead opt to pay less than 30% of income for housing. According to the American Community Survey, the median percentage of household income that is applied to monthly gross rent in Sioux Falls was 26.4% in 2015. This statistic indicates that many renter households in the moderate to higher income ranges actually spend less than they can afford for housing costs.

As moderate to higher income households elect to rent down and take an affordable unit, choices are narrowed for lower income households competing for the same affordable units. After accounting for units being rented by higher income families, it appears Sioux Falls has just 39 affordable and available units for every 100 renter households at or below 30% MFI.

**Figure 3.32 Rental housing affordability gap (affordable and available units)**

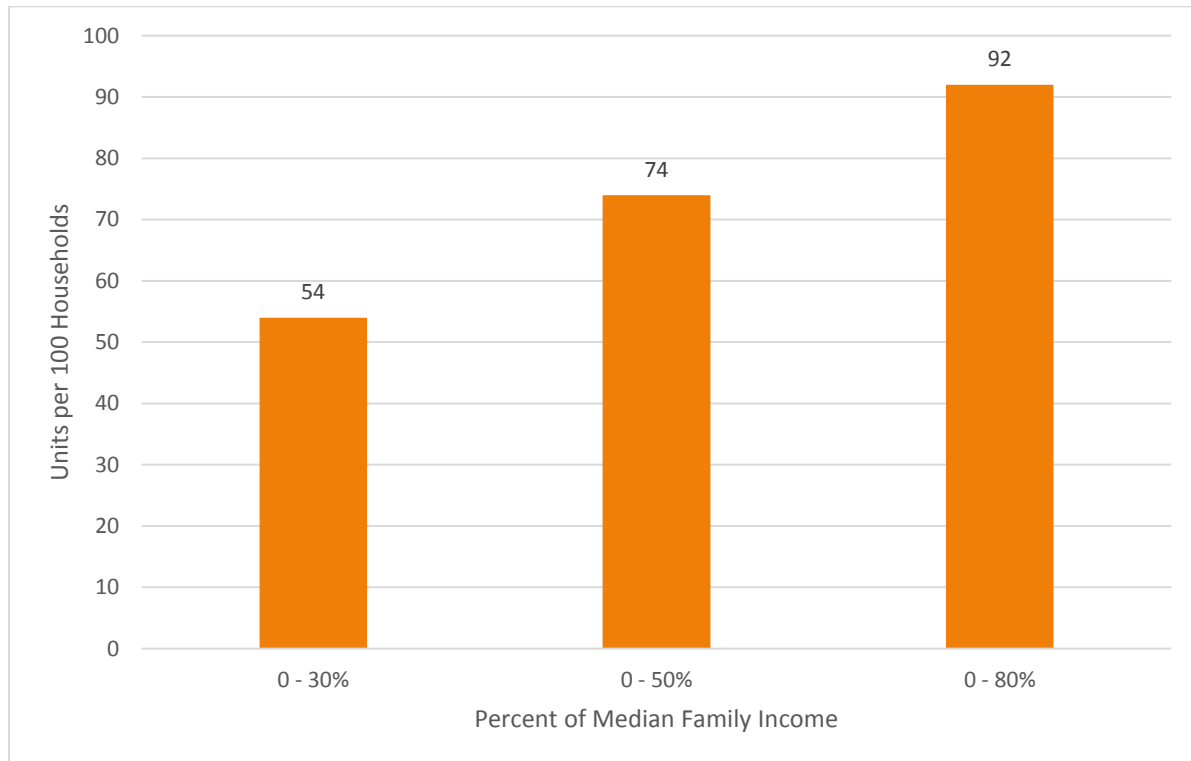


Source: U.S. Census, ACS 2010-14 5-year Public Use Micro Sample (PUMS), calculations by analyst

Note: These figures include both conventional and subsidized rents.

A similar, though less severe, housing gap is evident among homeowners. For homeowners as for renters, affordability is defined as spending 30% or less of gross monthly income on housing. Monthly payments have been estimated based on reported home value and average rates for interest, insurance, and property tax.<sup>27</sup>

**Figure 3.33 Owner housing affordability gap (affordable and available units)**



Source: U.S. Census, ACS 2010-14 5-year Public Use Micro Sample (PUMS), calculations by analyst

Families that cannot find affordable housing may crowd into housing without enough rooms, opt for substandard housing, or choose to incur a cost burden (pay more than 30% of income). In Sioux Falls, about 4.2% of renter households are overcrowded, with more than 1 occupant per room, but far more have a housing cost burden.

On average, lower income renters pay a much higher percentage of their income in rent than higher income renters (Figure 3.33). The majority of renters who make over \$50,000 spend less than 20% of their income on rent. By contrast, most renters who earn less than \$20,000 put at least 40% of their income toward rent.

Based on fair market rent (Table 3.24), in order to afford a 2-bedroom apartment (paying no more than 30% of monthly income for rent), a family's income would need to be at least \$2,483 per month, or approximately \$14.33 an hour at a full-time job. A single adult could afford a 1-bedroom apartment by earning at least \$1,976 per month, or approximately \$11.40 an hour working full time.

<sup>27</sup> For complete methodology, see Section 11 Data and methods.

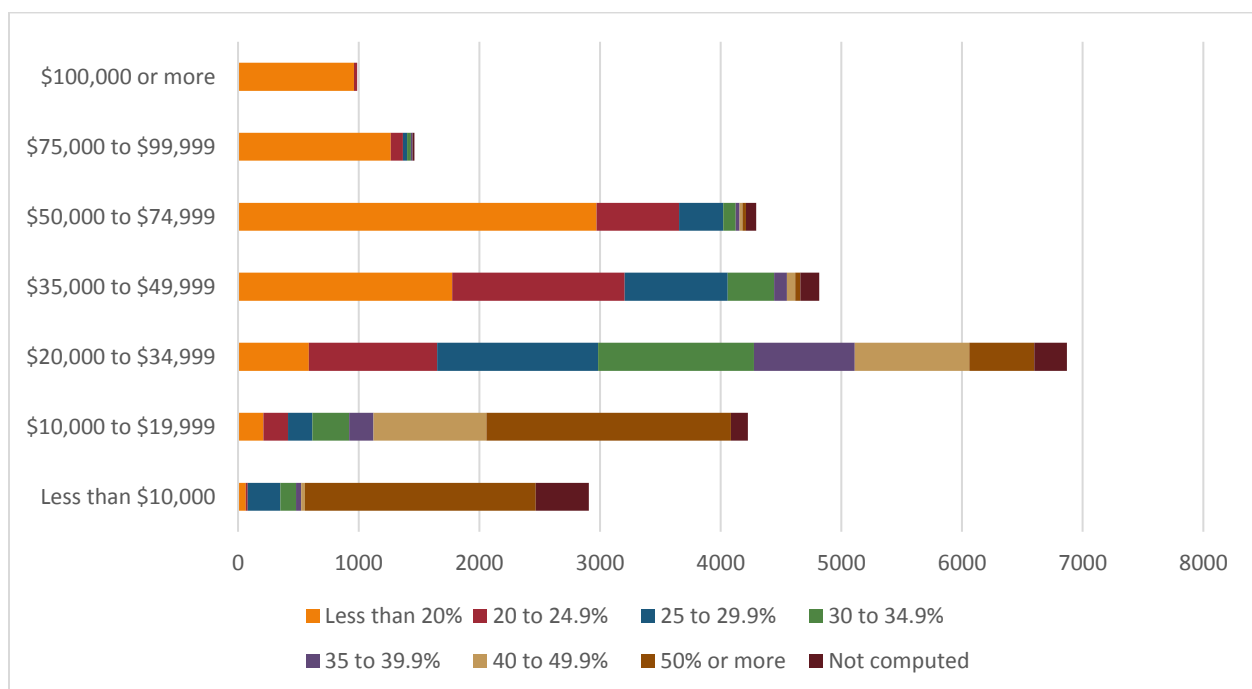


**Table 3.25 Fair market rent, FY2016**

Efficiency	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
\$465	\$593	\$745	\$1,015	\$1,219

Note: Like income limits, fair market rent is set by HUD at the MSA level. It is based on rents reported by households in the American Community Survey, and it is used to set payment standards for subsidized housing.

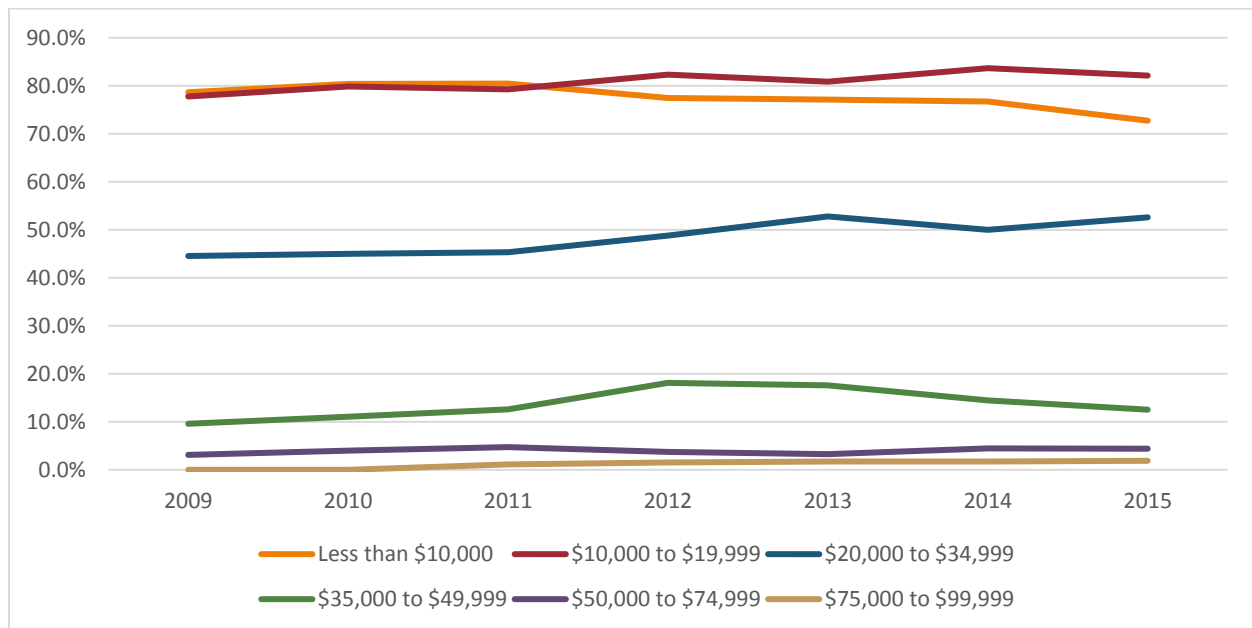
Families that cannot afford rent face a housing cost burden, defined as paying more than 30% of monthly income for housing. Lower income renter households are far more likely to be cost burdened than higher income households. Not surprisingly, the households with the lowest incomes face the highest housing cost burdens.

**Figure 3.34 Gross rent as a percentage of household income, Sioux Falls**

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25074 (City of Sioux Falls)

Among households that make less than \$35,000 annually, more than two-thirds (70%) are cost burdened, including about one-third (34%) who are severely cost burdened, spending more than half of their monthly income on rent. Among households making less than \$20,000, more than 85% are cost burdened, and 60% of households spend more than half of their monthly income on rent.

Since 2009, the distribution of cost burden has remained fairly constant: cost burdens affect about 80% of renter households making under \$20,000, half of those making \$20,000 to \$34,999, 10 to 15% of those making \$35,000 to \$49,999, and less than 5% of those making \$50,000 or more. In that sense, \$35,000 appears to be an important threshold for renters in Sioux Falls: those making above \$35,000 are far more likely to find housing they can afford than those making less.

**Figure 3.35 Cost burdened renter households by income, 2009 – 2015**

Source: U.S. Census, ACS 5-year estimates, 2005-2009, 2006-2010, 2007-2011, 2008-2012, 2009-2013, 2010-2014, 2011-2015, Table B25074

This observation is in accord with fair market rents. A household earning \$35,000 could afford to pay about \$875 per month in rent, about \$100 more than fair market rent for a 2-bedroom apartment.

Many low income households rent up, paying for higher priced units than they can afford. More than 2,100 renter households with an annual income below \$10,000 reported paying 30% or more of their income for housing in 2015. More than 3,400 renter households with an annual income between \$10,000 and \$20,000 were also paying 30% or more of their income for housing costs. Whereas most renter households with incomes below \$35,000 pay 30% or more for housing, households with incomes between \$35,000 and \$50,000 are generally able to pay 20 to 29%, and most households with incomes over \$50,000 spend less than 20% of their income on housing.

**Table 3.26 Housing costs as a percentage of household income**

	<b>Owner occupied</b>	<b>Renter occupied</b>
<b>Less than \$20,000</b>	<b>2,086</b>	<b>6,552</b>
Less than 20%	226	273
20 to 29%	264	695
30% or more	1,596	5,584
<b>\$20,000 to \$34,999</b>	<b>4,692</b>	<b>6,598</b>
Less than 20%	1,568	587
20 to 29%	1,066	2,397
30% or more	2,058	3,614
<b>\$35,000 to \$49,999</b>	<b>5,362</b>	<b>4,659</b>
Less than 20%	1,899	1,775
20 to 29%	1,560	2,282
30% or more	1,903	602
<b>\$50,000 to \$74,999</b>	<b>8,531</b>	<b>4,210</b>
Less than 20%	4,387	2,970
20 to 29%	3,402	1,052
30% or more	742	188
<b>\$75,000 or more</b>	<b>19,092</b>	<b>2,434</b>
Less than 20%	14,845	2,226
20 to 29%	3,758	162
30% or more	489	46
<b>Zero or negative income</b>	<b>213</b>	<b>306</b>
<b>No cash rent</b>	<b>-</b>	<b>803</b>

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25106 (City of Sioux Falls)

Families struggling to afford housing may reach out for assistance. One indicator of the community-wide need for affordable housing is requests for assistance with housing needs. Minnehaha County Human Services reports a fairly consistent level of need, with around 2,000 applications for rental assistance in each of the last three six-month periods.

**Table 3.27 Applications to county for rental assistance, 2015 - 2016**

	<b>1/1/- 6/30/15</b>	<b>7/4/15- 1/1/16</b>	<b>1/1/16- 6/30/16</b>
<b>Applications for rental assistance</b>	1,735	2,121	2,100

Source: Minnehaha County Human Services

The Helpline Center is another frontline service organization that documents community needs. Each year, the Helpline Center handles thousands of requests from community residents looking for resources and assistance. Each request is documented along with the caller's zip code.

Housing-related requests are a significant portion of Helpline requests. Over the last three years, housing-related requests have made up 14% of all calls from the Sioux Falls MSA and 13.2% of all online keyword searches. A review of the past three years of data shows the top housing-related requests remain constant from year to year and include the following:

Type of Need Request	Total Number of Requests (2013-2015)	
	Calls	Searches
Rent Payment Assistance	4,078	2,768
Homeless Shelter	2,883	665
Utility Service Payment Assistance	2,756	401
Low Income/Subsidized Rental Housing	1,083	594
Tenant Rights Information/Counseling	607	99
Rental Deposit Assistance	462	37
Transitional Housing/Shelter	412	176
Housing Search and Information	410	508

Source: Helpline Center

The Helpline Center also reports that housing is among the top unmet needs for Sioux Falls callers. As the Helpline Center defines it, an unmet need is when a caller has exhausted known resources, a caller is ineligible, or there are no programs to meet the caller's needs. In 2015, the top four unmet needs for the greater Sioux Falls area were transportation, holiday assistance, housing, and utilities.<sup>28</sup>

### 3.7 HOMELESSNESS

Individuals and families who are unable to find affordable housing are at risk of homelessness. Homelessness has serious consequences for all who experience it, but especially for children. It causes extreme stress and is associated with high rates of anxiety and depression as well as social and personal development. Nationally, homelessness is the reason for foster placement for 3 in 10 children in foster care,<sup>29</sup> and between 10 and 36% of youth become homeless after aging out of foster care.<sup>30</sup> Homeless children also suffer in school: up to half of homeless children have developmental delays.<sup>31</sup> Compared to children in families receiving housing assistance, homeless children do worse on achievement tests and are more likely to repeat grades, and they have lower expectations for their future educational attainment.<sup>32</sup>

<sup>28</sup> Helpline Center, Community Trends: Greater Sioux Falls Area, 2015.

<sup>29</sup> D.S. Harburger and R.A. White, "Reunifying Families Cutting Costs: Housing-Child Welfare Partnerships for Permanent Supportive Housing," *Child Welfare* 83, no. 5 (2004): 389–92.

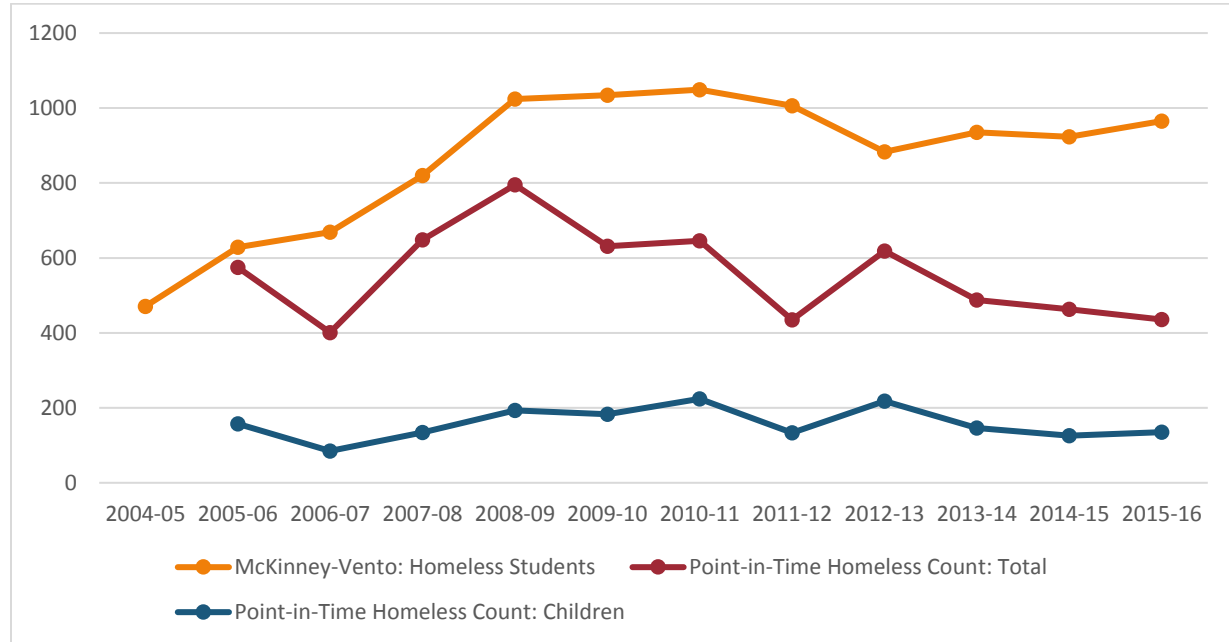
<sup>30</sup> Miryam J. Choca et al., "Can't Do It Alone: Housing Collaborations to Improve Foster Youth Outcomes," *Child Welfare* 83, no. 5 (2004): 469–92.

<sup>31</sup> A. Hicks-Coolick, P. Burnside-Eaton, and A. Peters, "Homeless Children: Needs and Services," *Child and Youth Care Forum* 32, no. 4 (2003): 197–210.

<sup>32</sup> Y.M. Rafferty, M. Shinn, and B.C. Weitzman, "Academic Achievement among Formerly Homeless Adolescents and Their Continuously Housed Peers," *Journal of School Psychology* 42 (2004): 179–99.

Homeless counts vary in part depending on methodology, though multiple sources suggest that the number of children in Sioux Falls who experience homelessness is around 900 annually, or about 4.2% of public school enrollment.<sup>33</sup>

**Figure 3.36 Homelessness in Sioux Falls, 2004 – 2016**



Source: Minnehaha County/Sioux Falls Homeless Count as reported in the 2025 Plan to Address Homelessness in the Sioux Falls Area, Minnehaha County January 2016 Homeless Count, Sioux Falls School District

The Sioux Falls School District's McKinney-Vento homeless count is a cumulative count of all students who experience homelessness at any point during an academic year. By contrast, the Minnehaha County point-in-time homeless count is conducted annually during a single 24-hour period, showing the number of people who are homeless on that day. As a result, the point-in-time homeless count is lower and shows more variability.

However, both counts indicate that homelessness peaked during the economic downturn in 2008 and may have tapered slightly since, though the McKinney-Vento count suggests the number of homeless students in particular remains elevated compared to pre-2008 levels. Year-end figures for the 2015-16 school year report 965 students experienced homelessness during the school year.

<sup>33</sup> Total enrollment in Sioux Falls public schools, as of 1/14/2016, was 22,179. Homeless students represent 4.2% of enrolled students.

**Table 3.28 Homeless students in the Sioux Falls School District, 2016**

<b>Total homeless students</b>	<b>965</b>
<b>Total homeless families</b>	<b>466</b>

**Number of students**

Doubled up	355
Emergency	100
Motel	135
Transitional	152
Unsheltered	23
Violence	200
<b>Total</b>	<b>965</b>

**Number of families**

Doubled up	186
Emergency	36
Motel	65
Transitional	79
Unsheltered	13
Violence	87
<b>Total</b>	<b>466</b>

**Unaccompanied youth 48**

Source: Sioux Falls School District McKinney-Vento Homeless Education Data Report, June 4, 2016

Another longer-term measure of homelessness is applications to the county by homeless households. The most recent report of unduplicated applications shows 524 homeless households without children and 252 homeless households with children applied for assistance in the first six months of 2016, accounting for over 1,000 adults and nearly 500 children.

**Table 3.29 Applications to county by homeless households, January through June, 2016**

	Duplicated	Unduplicated
<b>Homeless households</b>		
Without children	689	524
With children	323	252
<b>Homeless persons</b>		
Adults	1,332	1,017
Children	629	485

Source: Minnehaha County Human Services, 1/1/16 – 6/30/16

Reports from shelters and the Banquet corroborate these trends, suggesting the need for housing remains higher than it was before 2008. In July 2015, the Children's Inn served its highest number of women in shelter, and the Banquet served the most meals in one day.

- The newly opened Bishop Dudley Hospitality House has capacity to serve 80 men, 20 women, and 7 families. In the first three months of 2016, Bishop Dudley provided 9,892 total nights of lodging to 2,008 unduplicated individuals, including 104 families with 237 children. For those three months, Bishop Dudley averaged 110 guests per night.
- The Union Gospel Mission has capacity to serve 70 men and 48 women and children. In 2015, the Mission provided 20,384 nights of lodging to an average of 56 guests per night.
- St. Francis House has capacity to serve 31 men, 6 women, and 7 families. In March 2016, their reported occupancy rates were 59% for male beds, 99% for female beds, and 92% for family units.
- Children's Inn provides shelter to those facing domestic violence; they have capacity to serve 38 people. In 2015, Children's Inn provided 14,155 shelter nights to 590 women and 835 children. Average length of stay for women was 14 days.<sup>34</sup>

Along with providing an estimate of the number of homeless individuals and families, the point-in-time homeless count conducted each year also surveys the homeless population about certain background characteristics.

**Table 3.30 Selected characteristics of the homeless population**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Veterans (total)	58	64	25
Veteran household with children	4	4	3
Veteran household without children	23	45	21
Chronically homeless individuals	33	31	30
Chronically homeless households with children	5	4	11
Total chronically homeless persons	38	43	39
Adults with a substance abuse disorder	55	78	31
Victims of domestic violence	19	27	40
Adults with serious mental illness	30	33	47
Adults with HIV/AIDS	3	1	0

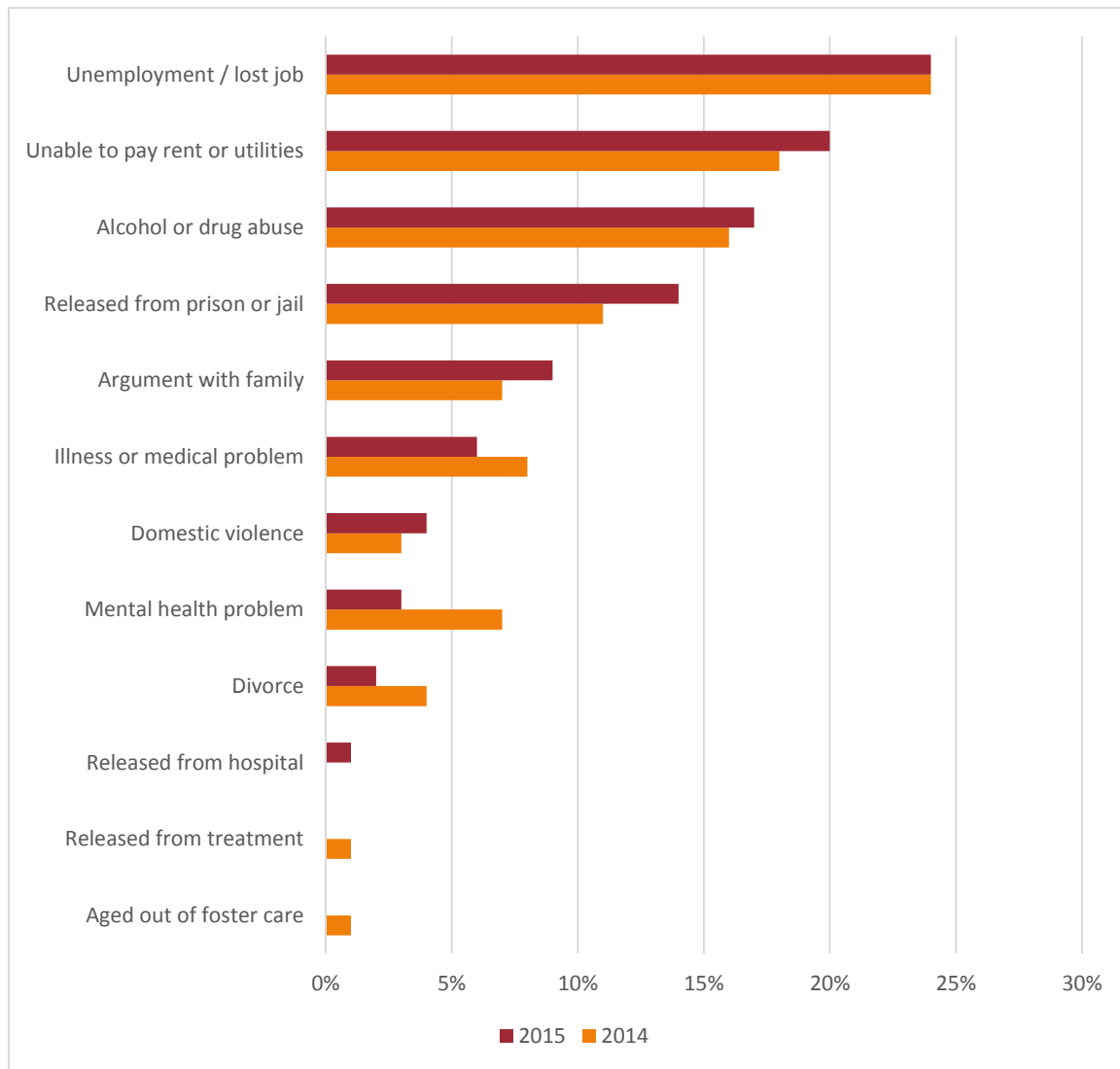
Source: Minnehaha County/Sioux Falls Homeless Count as reported in the 2025 Plan to Address Homelessness in the Sioux Falls Area, Minnehaha County January 2016 Homeless Count

Of 463 homeless individuals counted in 2015, 64 were single veterans, 74 were chronically homeless, 78 were adults with a substance abuse disorder, 27 were victims of domestic violence, and 33 were adults with serious mental illness.

<sup>34</sup> Sioux Falls Homeless Advisory Board Snapshot, April 2016

Survey respondents are also asked about reasons they have become homeless, and their primary reasons are recorded and tabulated.

**Figure 3.37 Primary reason for homelessness**

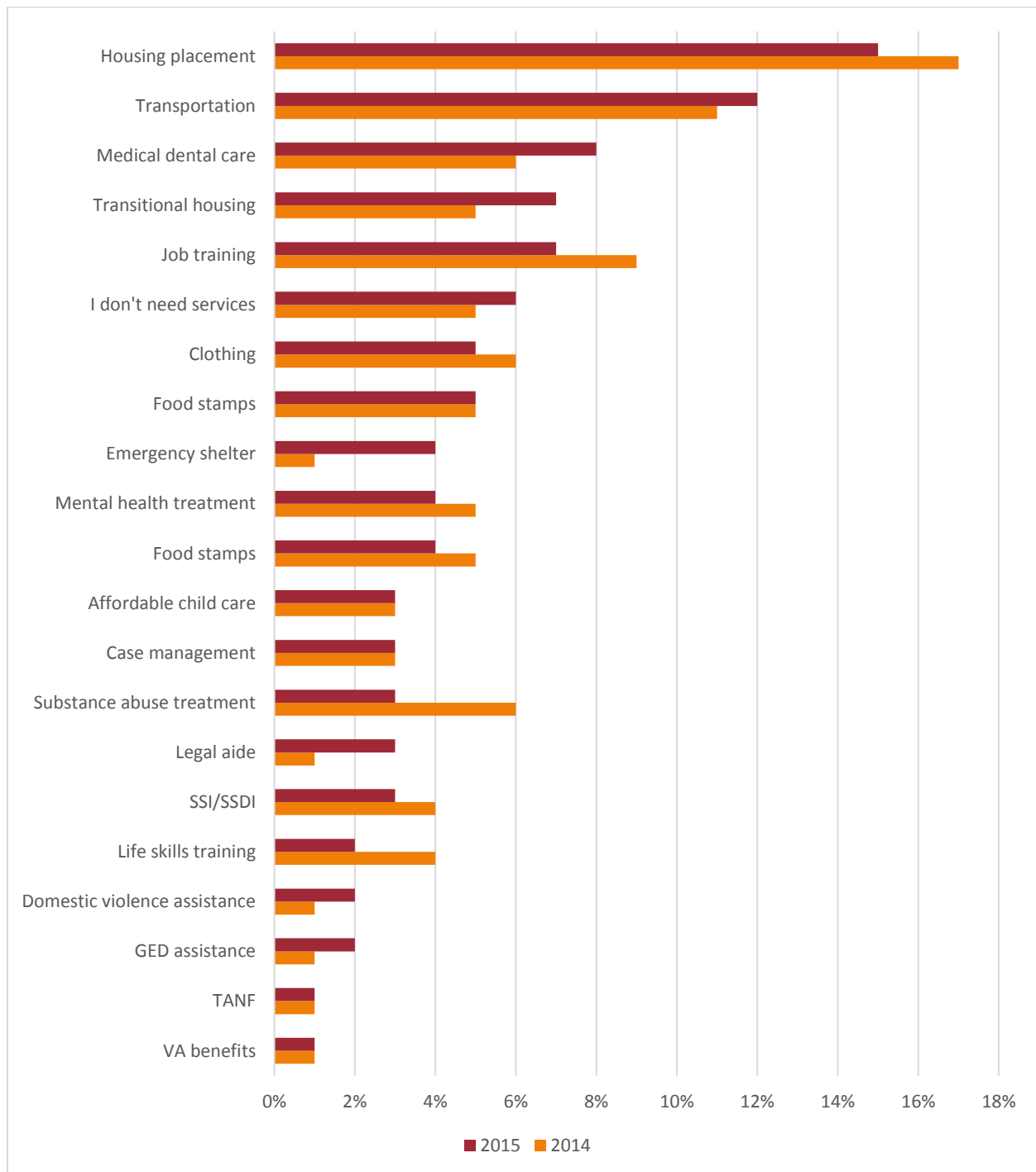


Source: Minnehaha County/Sioux Falls Homeless Count as reported in the 2025 Plan to Address Homelessness in the Sioux Falls Area

In Sioux Falls, most of the homeless population reports becoming homeless as a result of unemployment or a lost job. The inability to pay rent or utilities is another top reason for becoming homeless. In many cases, financial trouble is complicated by recent incarceration, substance abuse, arguments with family, or other factors (Figure 3.36).

When asked about unmet needs, homeless individuals and families put housing placement and transportation at the top.



**Figure 3.38 Homeless households' unmet service needs**

Source: Minnehaha County/Sioux Falls Homeless Count as reported in the 2025 Plan to Address Homelessness in the Sioux Falls Area. Answers were given in response to the question, "What services do you need that you are not currently receiving?"

## 4 POPULATIONS OF SPECIAL CONCERN

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### KEY FINDINGS

Disaggregating the demand for affordable housing reveals important patterns among certain populations of concern, including families with children, formerly incarcerated individuals, refugees and immigrants, and people with disabilities.

#### 4.1 Families with children

Families with children face unique housing challenges, and research indicates that stable housing is a key determinant of childhood outcomes, including social and emotional wellbeing, educational achievement, and physical and mental health.

Families struggling to find affordable housing may be forced to live in poorer quality housing in disadvantaged neighborhoods. They often take on housing cost burdens that trade off with other expenses, including healthcare and food, and they face increased risk of eviction, residential mobility, and homelessness. Among very low-income households, those with children are more likely than households without children to miss rent payments, receive notice of utility shut off, or feel under threat of eviction. Not only do these conditions directly affect children's wellbeing; they also negatively impact parental wellbeing and parenting, which in turn has consequences for children.

Families with children tend to need larger units. In Sioux Falls, over half of the households on the voucher waiting list are families with children. Of families with children, half need 2 bedrooms and half need 3 or more, including 210 families (11% of the waiting list) who need 4 or more. However, units this large make up less than 5% of the rental housing stock, and most are conventional rentals priced out of an affordable range for these families. Families who cannot find affordable housing with enough bedrooms may end up in overcrowded housing, putting them at increased risk for homelessness. In Sioux Falls, about 271 (0.7%) homeowner households and 1,013 (4.1%) renter households are overcrowded.

This study found widespread community support for affordable housing initiatives with a focus on meeting children's housing needs. By providing housing stability, affordable housing helps children build supportive social networks and access resources they need to thrive.

#### 4.2 Formerly incarcerated

People with criminal backgrounds have an especially difficult time securing affordable housing. Federally subsidized housing has strict eligibility guidelines and requires a criminal background check. Tax credit properties and many private landlords participate in the Crime-Free Housing program, which makes it more difficult for those with a criminal background to find housing.

Children who have a currently or formerly incarcerated relative face the consequences of restrictive housing policies. Assuming that the South Dakota prison population resembles state prison populations nation-wide, about 1,953 current inmates and 1,181 parolees are parents of children under the age of 18. Of 24,330 enrolled students in Sioux Falls, an estimated 3% or 730 students have a parent who is currently incarcerated. Statewide, approximately 3,000 inmates are released annually, and the Sioux Falls Parole

Office processes between 50 and 70 parole releases per month (600 to 840 annually). An estimated 1,560 of those released annually are parents of children under 18.

Some community resources exist for those facing reentry, but there are few good options for families with children. Several organizations make available to people with a felony record a list of felon friendly housing options. The list includes 48 properties, of which 6 are hotels and 2 are sober living facilities. Available reentry programs such as Glory House serve single adults, not families.

In April of 2016, HUD issued new guidance regarding the use of criminal background checks in housing decisions. The new guidelines advise that criminal history cannot be used to automatically refuse an application or lease renewal, but they do not prohibit landlords or property managers from screening based on criminal background. The revised guidelines' effect on housing access remains to be seen.

#### 4.3 Refugees and immigrants

Of Sioux Falls's approximately 164,341 residents, 11,044 (6.7%) are foreign born. About 59% of Sioux Falls's foreign-born population entered the United States in 2000 or more recently.

Foreign-born households are more likely to rent, to have larger families, and to live in overcrowded housing. The majority (58.9%) of foreign-born households are renters, whereas the majority (62.5%) of native-born households own their own home. Whereas the average family size for native residents is just under 3 people, the average family size for foreign-born residents is over 4. Perhaps due in part to having larger families, foreign-born residents of Sioux Falls are more likely to experience overcrowding. Whereas only about 1% of all residents in Sioux Falls live in overcrowded housing, over 12% of foreign-born residents do.

In Sioux Falls, foreign-born households have lower earnings than native residents. The majority (over 58.2%) of native-born workers earn over \$35,000 annually, but just over one-third (37.0%) of foreign-born workers earn that much. Over two-fifths (21.1%) of foreign-born households fall below the poverty level.

Foreign-born workers are an important part of the Sioux Falls workforce: Although foreign-born residents make up just 7% of workers in Sioux Falls, they represent 29% of manufacturing employees. Over 40% of the foreign-born population (approximately 2,737 people) works in manufacturing, versus just 8.0% of the native-born population.

Foreign-born residents tend to have less education than native residents of Sioux Falls. Over one-third (37.3%) of foreign-born residents have less than a high school education, compared to just 6.8% of native-born residents. However, around 10.8% of the foreign-born population has a professional or graduate degree, matching the native-born population (10.6%) and indicating an important segmentation of the foreign-born population when it comes to housing needs.

Many foreign-born households face language and transportation barriers. Most foreign-born households (86.9%) speak a language other than English at home, and the majority (54.3%) report that they speak English less than "very well." Foreign-born households are also more likely than native-born households to lack reliable transportation. Nearly 15% of foreign-born households have no vehicle.

#### 4.4 People with disabilities

When it comes to finding affordable housing, people with disabilities face the added challenge of finding accessible housing. In Sioux Falls, about 16,632 people (10.3% of the noninstitutionalized population) have a disability, including about 5,690 (31%) adults 65 years and over. Many seniors have more than one type of disability. Most common are ambulatory difficulties, which affect 1 in 5 seniors, or about 3,523 individuals. Hearing difficulties affect around 14% of seniors (about 2,600 individuals), as do independent living difficulties.

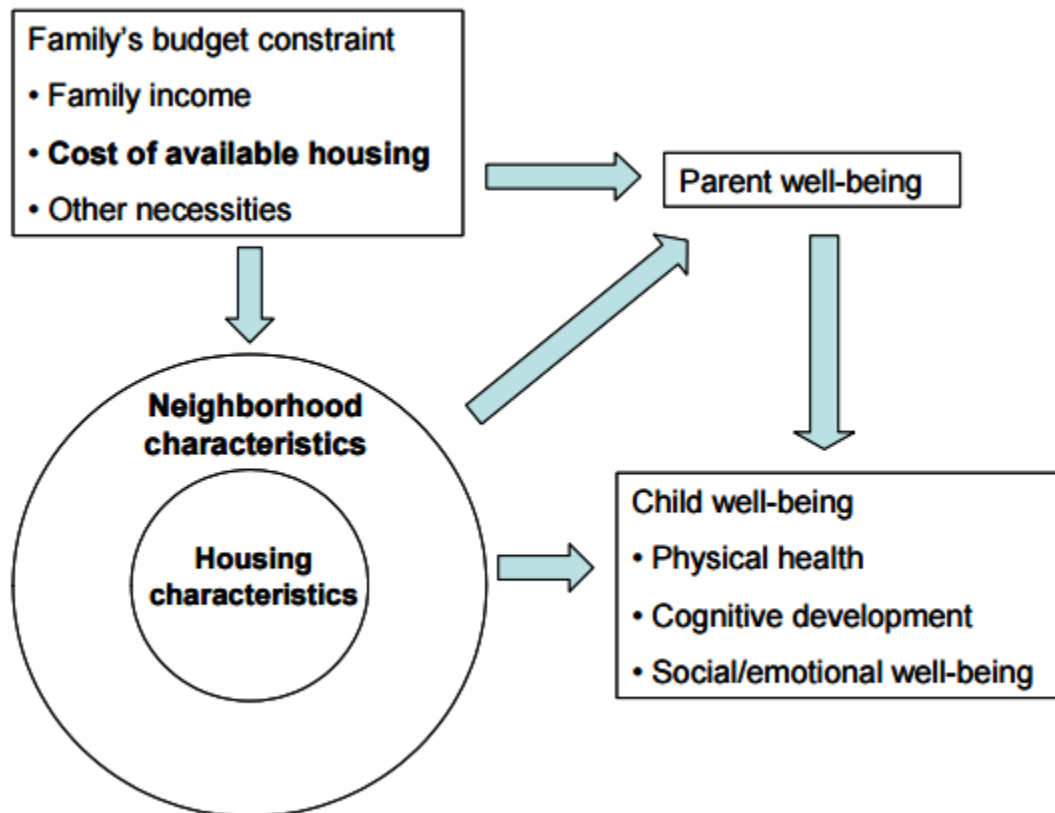
Sioux Falls has around 300 subsidized or tax credit units that are clearly identified as accessible to people with disabilities. Properties built after 1988 are subject to Section 504 regulations, which require that at least 5% of units be made accessible to residents with mobility restrictions and an additional 2% be made accessible to those with hearing or vision impairments. However, much of the rental stock in Sioux Falls was built before this regulation took effect.

In addition to accessibility challenges, people with disabilities may face material hardship that makes it difficult to find housing they can afford. The poverty rate among people with a disability (23.6%) is nearly three times the rate among people with no disability (8.7%).

#### 4.1 FAMILIES WITH CHILDREN

Housing is a fundamental prerequisite for human development: in Maslow's hierarchy of needs, physical needs such as shelter are the most basic, coming before all other needs.<sup>35</sup> For children in particular, safe and stable housing is a key determinant of childhood outcomes; housing instability and poor housing quality are linked to lower school achievement and increased risk of dropping out, poorer social and emotional adjustment, psychological and behavioral problems, illness, and developmental delays.<sup>36</sup> In order to thrive, children need the stability and routine that comes with having a secure residence.<sup>37</sup>

**Figure 4.1 How housing affects children**



Source: [http://www.fundersnetwork.org/files/learn/Housing\\_and\\_Child\\_Well\\_Being.pdf](http://www.fundersnetwork.org/files/learn/Housing_and_Child_Well_Being.pdf)

Families struggling to find affordable housing may be forced to live in poorer quality or overcrowded housing in disadvantaged neighborhoods. They often take on housing cost burdens that trade off with

<sup>35</sup> A.H. Maslow, "Higher' and 'Lower' Needs," *Journal of Psychology: Interdisciplinary and Applied* 25 (1948): 433–36.

<sup>36</sup> Kathleen M. Ziol-Guest and Claire C. McKenna, "Early Childhood Housing Instability and School Readiness," *Child Development* 85, no. 1 (January 2014): 103–13, doi:10.1111/cdev.12105.

<sup>37</sup> Judith Samuels, Marybeth Shinn, and John C. Buckner, "Homeless Children: Update on Research, Policy, Programs, and Opportunities" (Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, May 15, 2010), <https://aspe.hhs.gov/report/homeless-children-update-research-policy-programs-and-opportunities>.

other expenses, including healthcare and food, and they face increased risk of eviction, forced residential mobility, and homelessness. Not only do these conditions directly affect children's wellbeing; they also negatively impact parental wellbeing and parenting, which in turn has consequences for children.

Research suggests that housing quality is one of the most consistent and strongest predictors of emotional and behavioral problems in low-income children. Poor housing quality directly and indirectly affects children: It is directly associated with negative but preventable health outcomes (e.g., asthma, lead poisoning, respiratory distress, and accidental injury or death).<sup>38</sup> Its indirect effects on emotional and behavioral problems are mediated by parental stress and parenting behaviors.<sup>39</sup>

Families who cannot afford housing may double up with other families or choose smaller units, resulting in overcrowded conditions. Among elementary school children, overcrowding has also been linked with psychological problems, including social withdrawal, aggression, psychological distress, behavioral problems at school, and lower social and cognitive competency.<sup>40</sup> Children do better in school when they have a safe and quiet space to do homework,<sup>41</sup> but finding study space can be more difficult for children living in small or overcrowded homes.<sup>42</sup> Living in overcrowded housing also increases children's risk of health problems, including respiratory and stomach illness.<sup>43</sup> Overcrowding is also associated with greater conflict between parents and children: parents in crowded homes spend less time talking to children and are more likely to resort to punitive parenting.<sup>44</sup>

In Sioux Falls, just over 1,000 renter households (4.1%) live in overcrowded housing, which HUD defines as more than one person per room.

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<sup>38</sup> Janet Currie and Aaron Yelowitz, "Are Public Housing Projects Good for Kids?," *Journal of Public Economics* 75 (2000): 99–124; U.S. Department of Housing and Urban Development, "Housing's and Neighborhoods' Role in Shaping Children's Future," *Evidence Matters*, Fall 2014, <https://www.huduser.gov/portal/periodicals/em/fall14/highlight1.html>.

<sup>39</sup> Rebekah Levine Coley et al., "Poor Quality Housing Is Tied to Children's Emotional and Behavioral Problems," *How Housing Matters: MacArthur Foundation Policy Research Brief*, September 2013, [https://www.macfound.org/media/files/HHM\\_Research\\_Brief\\_-\\_September\\_2013.pdf](https://www.macfound.org/media/files/HHM_Research_Brief_-_September_2013.pdf).

<sup>40</sup> G.W. Evans, "Child Development and the Physical Environment," *Annual Review of Psychology* 57 (2006): 423–51; G.W. Evans, Susan Saegert, and Rebecca Harris, "Residential Density and Psychological Health among Children in Low-Income Families," *Environment & Behavior* 33, no. 2 (2001): 165–80.

<sup>41</sup> M.K. Eamon, "Structural Model of the Effects of Poverty on Externalizing and Internalizing Behaviors of Four-to-Five-Year-Old Children," *Social Work Research* 24, no. 3 (2000): 143–54.

<sup>42</sup> Evans, Saegert, and Harris, "Residential Density and Psychological Health among Children in Low-Income Families."

<sup>43</sup> Currie and Yelowitz, "Are Public Housing Projects Good for Kids?"

<sup>44</sup> Gary W. Evans et al., "Chronic Residential Crowding and Children's Well-Being: An Ecological Perspective," *Child Development* 69, no. 6 (1998): 1514–23; Susan Saegert, "Environment and Children's Health: Residential Density and Low Income Children," in *Handbook of Psychology and Health*, ed. A. Baum and J.E. Singer (Hillsdale, NJ: Erlbaum, 1982), 247–71; Samuels, Shinn, and Buckner, "Homeless Children: Update on Research, Policy, Programs, and Opportunities."

**Table 4.1 Overcrowding among homeowners and renters**

	Owner occupied	Renter occupied
Less than 1 person per room	39,705	24,549
Overcrowded	271	1,013

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25014

Most of these households are likely families with children, who often need larger units with more bedrooms than individuals or families without children. In Sioux Falls, larger low-income families have an especially hard time finding affordable housing. Over half of the households on the voucher waiting list are families with children.

**Table 4.2 Housing Choice Voucher waiting list by unit size (bedrooms)**

Bedrooms	Families	
1	1,466	44%
2	947	28%
3	731	22%
4	184	5%
5+	26	1%
Total	3,354	

Source: Auth-901 Waiting List Tenant Profile Summary, 4/1/16

Although 44% of families on the voucher waiting list are seeking 1-bedroom apartments, only 1 or 2 of those 1,466 families have children under the age of 18. Almost all of the families seeking 1-bedroom apartments are composed of single or elderly adults. Of families with children, half need 2 bedrooms and half need 3 or more.

**Table 4.3 Housing Choice Voucher waiting list by unit size (bedrooms) for families with children**

Bedrooms	Families with children	
1	1	0%
2	947	50%
3	731	39%
4	184	10%
5+	26	1%
Total	3,354	

Source: Auth-901 Waiting List Tenant Profile Summary, 4/1/16

However, according to the South Dakota Multi-Housing Association's Rental Vacancy Survey, only about 17% of the rental housing stock in Sioux Falls has 3 or more bedrooms. Families who need 4 or more bedrooms (11% of the waiting list, or 210 families) are in a particularly tight spot: only 94 of the 13,934 units surveyed—less than one percent—have 4 or more bedrooms.

**Table 4.4 Unit size by housing type**

	Conventional		Tax credit		HUD		Total	
Studio	270	2%	5	0%	65	9%	340	2%
1 bed	3,520	31%	286	15%	399	57%	4,205	30%
2 bed	6,087	54%	871	46%	165	23%	7,123	51%
3 bed	1,433	13%	687	37%	52	1%	2,172	16%
4 bed	43	0%	27	1%	24	3%	94	1%
	11,353	100%	1,876	100%	705	100%	13,934	100%

Source: South Dakota Multi-Housing Association Rental Vacancy Survey, 7/15/2016

The Census provides an alternative estimate of the number of large apartments available.

**Table 4.5 Bedrooms in owner- and renter-occupied units**

	Owner	Renter
Total	39,976	25,562
No bedroom	17	833
1 bedroom	541	7,291
2 bedrooms	7,883	11,648
3 bedrooms	15,253	4,704
4 bedrooms	11,967	841
5+ bedrooms	4,315	245

Source: U.S. Census, ACS 2011-15 5-year estimates, Table B25042

The Census estimates that there are about 1,086 rental units with 4 or more bedrooms, representing about 4% of all occupied rental units. Almost all of these units are conventional rentals, so they are likely priced out of an affordable range for many families.

**Table 4.6 Rent level by number of bedrooms**

	0 bed	1 bed	2 bed	3+ bed
Less than \$300	88	785	413	155
\$300 to \$499	261	1,034	557	165
\$500 to \$749	321	3,857	4,848	929
\$750 to \$999	32	1,206	3,863	2,052
\$1,000 to \$1,499	58	229	1,460	1,830
\$1,500 or more	73	134	217	192
No cash rent	0	46	290	467

Source: U.S. Census, ACS 2011-15 5-year estimates, Table B25068

Indeed, of bedrooms with 3 or more bedrooms, 70% rent for \$750 or more, and 35% rent for \$1,000 or more.

In addition to their individual unit needs, families with children generally prioritize neighborhood quality, with good reason. Neighborhood quality has significant effects for children. Children living in disadvantaged neighborhoods often lack positive adult role models, and they may be subject to negative



peer pressures.<sup>45</sup> As a result, children in poor neighborhoods are more likely to have mental health problems, and they may also be more likely to use drugs, engage in delinquent behavior, have sex, or become pregnant.<sup>46</sup> Neighborhoods can benefit families by promoting social interactions in public spaces and facilities, but where neighborhoods instead are characterized by perceived social disorder, they lead to higher rates of anxiety and depression among residents—conditions that directly affect children and negatively affect parenting.<sup>47</sup> Neighborhood quality is also associated with educational outcomes. Children in more socioeconomically advantaged neighborhoods have better graduation rates, school readiness, and educational achievement.<sup>48</sup> That difference might be explained by the availability of role models, lower crime rates, and institutional resources such as libraries, museums, after-school programs, and schools.<sup>49</sup> Moreover, when poor quality housing is geographically concentrated in disadvantaged neighborhoods, children are doubly exposed to an unsafe home environment in an unsafe neighborhood environment.<sup>50</sup>

In an attempt to escape the effects of poor housing or neighborhood quality—or simply due to a lack of affordable housing—families may incur a cost burden, paying more than they can afford for a place to live. Housing cost burden increases parental stress and reduces parents' involvement in children's lives.<sup>51</sup> When housing costs are very high, they may trade off with basic necessities, such as food, school supplies,

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<sup>45</sup> Ingrid Gould Ellen and Margery Austin Turner, "Does Neighborhood Matter? Assessing Recent Evidence," *Housing Policy Debate* 8, no. 4 (1997): 833.

<sup>46</sup> Jencks and Mayer, "The Social Consequences of Growing Up in a Poor Neighborhood"; Tama Leventhal and Jeanne Brooks-Gunn, "The Neighborhoods They Live In: The Effects of Neighborhood Residence on Child and Adolescent Outcomes," *Psychological Bulletin* 126, no. 2 (2000): 309–37.

<sup>47</sup> Nabihah Maqbool, Janet Viveiros, and Mindy Ault, "The Impacts of Affordable Housing on Health: A Research Summary," Insights from Housing Policy Research (The Center for Housing Policy, the research division of the National Housing Conference, April 2015), [http://www2.nhc.org/HSGandHealthLitRev\\_2015\\_final.pdf](http://www2.nhc.org/HSGandHealthLitRev_2015_final.pdf).

<sup>48</sup> Brooks-Gunn et al., "Do Neighborhoods Influence Child and Adolescent Development?"; Rebecca Clark, "Neighborhood Effects on Dropping Out of School Among Teenage Boys" (Washington: The Urban Institute, 1992); J.P. Connell and B.L. Halpern-Felsher, "How Neighborhoods Affect Educational Outcomes in Middle Childhood and Adolescence: Conceptual Issues and an Empirical Example," in *Neighborhood Poverty*, ed. G. Brooks-Gunn, G. Duncan, and L. Aber, vol. 1 Context and Consequences for Children (New York: Russell Sage Foundation, 1997); J. Crane, "The Epidemic Theory of Ghettos and Neighborhood Effects on Dropping Out and Teenage Childbearing," *American Journal of Sociology* 96 (1991): 1126–59; M.E. Ensminger, R.P. Lamkin, and Nora Jacobson, "School Leaving: A Longitudinal Perspective Including Neighborhood Effects," *Child Development* 67 (1996): 2400–2416; George Galster et al., "The Influence of Neighborhood Poverty During Childhood on Fertility, Education, and Earnings Outcomes," *Housing Studies* 22, no. 5 (2007): 723–51.

<sup>49</sup> National Research Council and Institute of Medicine, *Community Programs to Promote Youth Development*, ed. J. Eccles and J.A. Gootman (Washington, DC: National Academies Press, 2002); Leventhal and Brooks-Gunn, "The Neighborhoods They Live In: The Effects of Neighborhood Residence on Child and Adolescent Outcomes"; J. Roth and Jeanne Brooks-Gunn, "What Do Adolescents Need for Healthy Development? Implications for Youth Policy," *Social Policy Report* 14, no. 1 (2000): 3–19.

<sup>50</sup> Currie and Yelowitz, "Are Public Housing Projects Good for Kids?"

<sup>51</sup> Rand D. Conger et al., "A Family Process Model of Economic Hardship and Adjustment of Early Adolescent Boys," *Child Development* 63, no. 3 (1992): 526–41; Rand D. Conger et al., "Economic Stress, Coercive Family Process, and Developmental Problems of Adolescents," *Children and Poverty* 65, no. 2 (1994): 541–61; Glen H. Elder Jr. et al., "Inner-City Parents Under Economic Pressure: Perspectives on the Strategies of Parenting," *Journal of Marriage and Family* 57, no. 3 (August 1995): 771–84; Glen H. Elder Jr. et al., "Families Under Economic Pressure," *Journal of Family Issues* 13, no. 1 (March 1992): 5–37.

transportation, medication, and healthcare.<sup>52</sup> A 2012 analysis of household spending found cost burdened households spend less on food and healthcare, and another study found that increased average rents are correlated with increased rates of food insecurity for families with children.<sup>53</sup> A study of low-income children in Worcester, Massachusetts found that more than 50% experienced moderate to severe hunger.<sup>54</sup> Further research finds that children in families behind on rent are at increased risk of developmental delay.<sup>55</sup>

In Sioux Falls, about 14% of all children—and 16% of school-age children—depend on or are seeking subsidized housing because their families have not been able to find affordable housing.

**Table 4.7 Sioux Falls Housing Choice Voucher waiting list**

Unit size	Total families	Extremely low income (<30%)	Very low income (30-50%)	Total people	Under 18
1 bed	1,466	1,240	225	1,564	2
2 bed	947	759	188	2,204	968
3 bed	731	623	108	2,763	1,701
4 bed	184	171	13	1,050	717
5+ bed	26	26	0	202	147
Total	3,354	2,819	534	7,783	3,535

Source: Auth-901 Waiting List Tenant Profile Summary, 4/1/16

The Housing Choice Voucher waiting list currently includes 3,535 children, representing 8.9% of all children in Sioux Falls under 18.<sup>56</sup> Of children on the waiting list, 1,055 are under 5 years old, while the remaining 2,480 represent 10.2% of all public and non-public students in Sioux Falls.<sup>57</sup> Additionally, around 2,000 children currently live in federally subsidized housing. Assuming a similar proportion (around 597) are under 5 years old, the remaining 1,403 represent 5.8% of enrolled students. In total, about 16% of school-age children (ages 5 – 18) depend on subsidized housing.

Not only do children suffer the effects of insecure housing, but families with children are at elevated risk of many housing problems. Research suggests that low-income mothers in particular are at high risk of eviction, in part because children can cause problems for landlords (e.g., noise complaints).<sup>58</sup> Additionally, analysis by Harvard University's Joint Center for Housing Studies finds that, among very low-income households (less than 50% MFI) with severe cost burdens (paying more than 50% of income for housing),

<sup>52</sup> Eileen Diaz McConnell, "House Poor in Los Angeles: Examining Patterns of Housing-Induced Poverty by Race, Nativity, and Legal Status," *Housing Policy Debate* 22 (2012): 605–31; Sandra Newman and Scott Holupka, "Housing Affordability and Investments in Children," *Journal of Housing Economics* 24 (2014): 89–100.

<sup>53</sup> Maqbool, Viveiros, and Ault, "The Impacts of Affordable Housing on Health: A Research Summary."

<sup>54</sup> Samuels, Shinn, and Buckner, "Homeless Children: Update on Research, Policy, Programs, and Opportunities."

<sup>55</sup> Ingrid Weiss et al., "Safe, Stable Homes Mean Healthier Children and Families for Massachusetts," Policy Action Brief (Boston, MA: Children's HealthWatch, October 2012), [http://childrenshealthwatch.org/upload/resource/Final\\_BostonHousingBrief.pdf](http://childrenshealthwatch.org/upload/resource/Final_BostonHousingBrief.pdf).

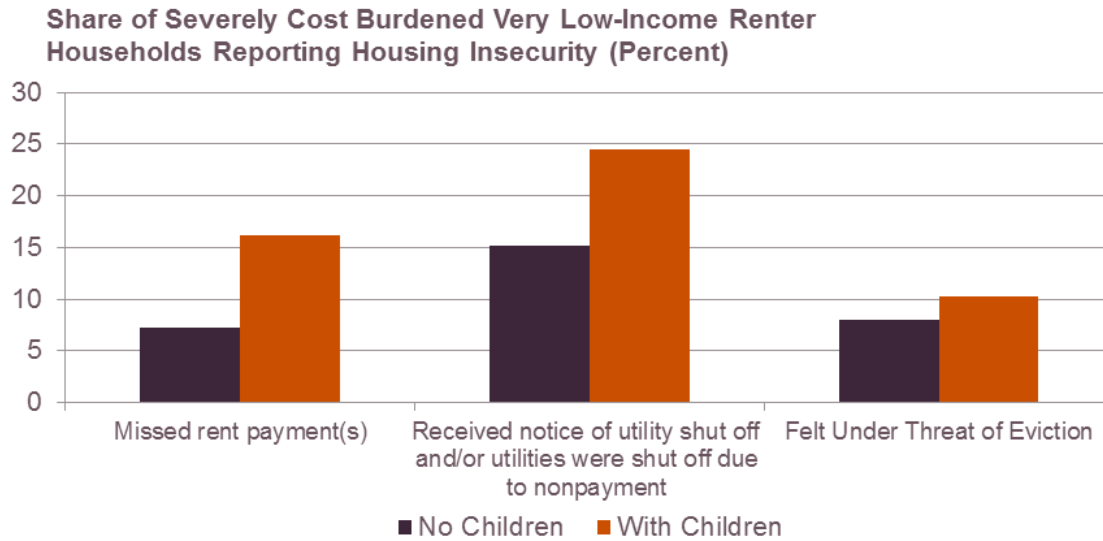
<sup>56</sup> The 2010-2014 ACS 5-year estimates record 39,722 children under age 18 in Sioux Falls.

<sup>57</sup> Total school enrollment (public and non-public) in Sioux Falls in 2015-16 was 24,330.

<sup>58</sup> Desmond and Kimbro, "Eviction's Fallout."

households with children are more likely than households without children to miss rent payments, receive notice of utility shut off, or feel under threat of eviction.<sup>59</sup>

**Figure 4.2 Housing insecurity among households with children**



Notes: Very low-income refers to households with incomes no higher than 50% of area medians. Severely cost burdened refers to households that pay more than 50% of income for housing. Households with zero or negative income are assumed to be severely burdened. Rent payment(s) were missed within the previous three months. Felt under threat of eviction refers to households who reported that they were likely to be evicted within the next two months. Households with children refer to any households headed by an adult aged 18 and over with at least one child (related or unrelated).  
Source: JCHS tabulations of HUD, 2013 American Housing Survey.



Source: Irene Lew, "Addressing the Housing Insecurity of Low-Income Renters," Housing Perspectives from the Harvard Joint Center for Housing Studies, 7/13/2016

Eviction can be incredibly damaging for families. Families who are evicted are more likely to experience material hardship following the eviction, and parents are more likely to suffer depression and parenting stress. The eviction process itself can be a source of stress, costing tenants time and focus as they deal with conflict with a landlord, possible court appearances, and the chaos and uncertainty of impending eviction and forced removal. Studies find that parents undergoing the stress of eviction are less affirming and supportive and more likely to act punitively or erratically toward their children. Stress also affects employment: research finds the likelihood of losing a job increases 11 to 15 percentage points after an eviction or involuntary move. Further, evicted families carry a mark on their rental history that can make it significantly more difficult to find housing in the future or make them ineligible for certain types of housing assistance.<sup>60</sup>

<sup>59</sup> Irene Lew, "Addressing the Housing Insecurity of Low-Income Renters," Housing Perspectives (The Harvard Joint Center for Housing Studies, July 13, 2016), <http://housingperspectives.blogspot.com/2016/07/addressing-housing-insecurity-of-low.html>.

<sup>60</sup> Desmond and Kimbro, "Eviction's Fallout."

In part because of their increased risk of eviction, families without affordable housing are forced to move more frequently than families able to secure housing they can afford. This pattern can be seen among students in Sioux Falls. Compare, for example, Hawthorne and John Harris Elementary.

**Table 4.8 Student mobility, Hawthorne and John Harris Elementary**

	<b>Hawthorne</b>	<b>John Harris</b>
<b>Free or reduced meals</b>	99.8%	16.6%
<b>Mobility rate</b>	23.2%	5.8%
<b>Stability rate</b>	76.8%	94.2%
<b>5<sup>th</sup> grade longevity</b>	3.9	5.1

Source: Sioux Falls School District 2014-15 Data Profile Directory

Students at Hawthorne Elementary tend to have lower incomes and higher rates of residential mobility than students at John Harris. At Hawthorne, 99.8% of students are eligible for free or reduced lunch, compared to just 16.6% of students at John Harris. Mobility rate measures the percentage of students who moved in or out of the school divided by the number of students enrolled for all or part of the year. Stability rate is 100% minus the mobility rate and measures how many students began and ended the year in the same school. At Hawthorne, 23.2% of students experienced mobility during the 2014-15 school year, compared to just 5.8% at John Harris. Finally, 5<sup>th</sup> grade longevity shows the average number of years that 5<sup>th</sup> grade students were enrolled in the building, with a maximum of 6 years. At Hawthorne, 5<sup>th</sup> grade students had spent an average of 3.9 years in the building, compared to 5.1 at John Harris.

Residential instability impairs the psychological stability necessary for people to become emotionally invested in their homes, relationships, and community, resulting in overall weaker bonds among neighbors and less investment in neighborhoods. In other words, frequent moves disrupt social networks as families and children leave friends behind. For children, residential mobility is associated with smaller social networks, less popularity, and less familiarity among parents with their children's friendship networks,<sup>61</sup> plus diminished connections between children, parents, schools, and community.<sup>62</sup> For example, one study of preschool-age children found that residential instability diminished the warmth and harmony of sibling relationships.

Due perhaps to the broken social networks and difficult social adjustment it causes, residential mobility is associated with behavioral problems in children and adolescents, including aggression and property offenses.<sup>63</sup> Residential instability also negatively affects mental and physical wellbeing. Children without stable housing often lack regular healthcare providers and are therefore more likely to use the emergency room. Young children who experience frequent moves have lower weight for age and greater risk of

<sup>61</sup> Scott J. South and Dana L. Haynie, "Friendship Network of Mobile Adolescents," *Social Forces* 83, no. 1 (2004): 315–50.

<sup>62</sup> Shana Pribesh and Douglas B. Downey, "Why Are Residential and School Moves Associated with Poor School Performance?," *Demography* 36, no. 4 (1999): 521–34.

<sup>63</sup> Ziolo-Guest and McKenna, "Early Childhood Housing Instability and School Readiness"; Samuels, Shinn, and Buckner, "Homeless Children: Update on Research, Policy, Programs, and Opportunities."

developmental problems. For adolescents, frequent moves are significantly associated with early use of illicit drugs.<sup>64</sup>

Mobility also negatively affects educational outcomes.<sup>65</sup> Residential instability early in life can have long-term consequences. One study found that children who moved three or more times in early childhood were less likely to graduate from high school (71% graduation rate versus 86% for those who moved less).<sup>66</sup> For young children, mobility is associated with lower school readiness.<sup>67</sup> Residential mobility negatively affects learning even if children remain in the same school. The stress and disruption caused by moving can lead to loss of friends, disrupted social networks, and increased absenteeism. When it comes to education, residential mobility affects both mobile students and the non-mobile students who share their classrooms. When teachers have highly mobile students in their classes, they tend to focus less on new material and more on review.<sup>68</sup> A study in Chicago found teachers of highly mobile students slowed the curriculum, so that in schools with high proportions of highly mobile students, the fifth grade curriculum was a full year behind that in more stable schools.<sup>69</sup>

Lack of affordable housing can cause a cycle of economic instability. Parents without stable housing may prioritize finding housing over finding or maintaining a job. If they are employed, the chaos of insecure housing can affect work performance and absenteeism, possibly leading to unemployment. Research shows that prolonged residential instability tends to increase economic instability, which in turn makes it more difficult for families to find and secure affordable housing.<sup>70</sup>

Of course, not all moves are bad. Residential mobility may yield positive outcomes for families if the move is to better housing in a better neighborhood. Comparative research also suggests that residential mobility does not have harmful effects for moderate or high-income families. But without intervention, data shows,

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<sup>64</sup> Maqbool, Viveiros, and Ault, "The Impacts of Affordable Housing on Health: A Research Summary."

<sup>65</sup> Desmond and Kimbro, "Eviction's Fallout"; Shigehior Oishi, "The Psychology of Residential Mobility: Implications for the Self, Social Relationships, and Well-Being," *Perspectives on Psychological Sciences* 5, no. 1 (2010): 5–21; Judy A. Temple and Arthur J. Reynolds, "School Mobility and Achievement: Longitudinal Findings from an Urban Cohort," *Journal of School Psychology* 37, no. 4 (1999): 355–77; Robert J. Sampson, *Great American City: Chicago and the Enduring Neighborhood Effect* (Chicago: University of Chicago Press, 2012).

<sup>66</sup> Ziolo-Guest and McKenna, "Early Childhood Housing Instability and School Readiness"; R. Haveman, B. Wolfe, and J. Spaulding, "Childhood Events and Circumstances Influencing High School Completion," *Demography* 28 (1991): 133–57.

<sup>67</sup> Samuels, Shinn, and Buckner, "Homeless Children: Update on Research, Policy, Programs, and Opportunities"; Clyde Hertzman, "The Role of Temporal and Spatial Instability in Child Development," in *Chaos and Its Influence on Children's Development: An Ecological Perspective*, ed. Gary Evans and Theodore Wachs (Washington, DC: American Psychological Association, 2010), 113–31.

<sup>68</sup> Spencer Agnew, "The Impact of Affordable Housing on Communities and Households" (Minnesota Housing Finance Agency Research and Evaluation Unit, n.d.), <http://www.mhponline.org/files/AffordableHousingImpact-CommunitiesandHouseholds.pdf>.

<sup>69</sup> "Affordable Housing, Stable Housing, and Educational Outcomes" (Building Resilient Regions: Institute of Governmental Studies at the University of California Berkeley, 2011), <http://brr.berkeley.edu/2011/06/affordable-housing-stable-housing-and-educational-outcomes/>.

<sup>70</sup> Desmond and Kimbro, "Eviction's Fallout"; Matthew Desmond, Carl Gershenson, and Barbara Kiviat, "Forced Mobility and Residential Instability among Urban Renters," *Social Service Review* 89, no. 2 (June 2015): 227–62.

low-income families rarely have the opportunity to move to better conditions. More often, research suggests, low-income families experience housing mobility for negative reasons.<sup>71</sup>

By providing housing stability, affordable housing helps children build supportive social networks and access resources they need to thrive. Children and families with greater residential stability have better knowledge of and access to community resources and social support networks.<sup>72</sup> Children in quality, affordable housing are better prepared to enter school and more likely to succeed.

The following table provides several summary measures of the level of housing need among children in Sioux Falls.

**Table 4.9 Children in insecure housing**

<b>Homeless children</b>	965 school-age children	4.2% of students
<b>Low income (free or reduced lunch)</b>	9,383 school-age children	39% of students
<b>In subsidized housing</b>	Approximately 2,000 children or 1,403 school-age children	5.8% of students
<b>On waiting list</b>	3,535 children or 2,480 school-age children	10.2% of students
<b>Currently incarcerated parent</b>	Estimated 730 school-age children	3% of students
<b>Large families on waiting list (4+ bedrooms)</b>	210 families	

Around 39% of students in Sioux Falls are eligible for free or reduced lunch, and 4.2% of students experienced homeless at some point during the last year. About 1,403 school-age children, or 5.8% of students, live in subsidized housing because they cannot afford market-rate rents, and another 2,480 school-age children, or over 10% of students, are on the voucher waiting list. Currently, as detailed in the following section, an estimated 730 school-age children, or 3% of students, have an incarcerated parent,

<sup>71</sup> Ziolo-Guest and McKenna, "Early Childhood Housing Instability and School Readiness"; C. Coulton, B. Theodos, and M. Turner, *Family Mobility and Neighborhood Change: New Evidence and Implications for Community Initiatives* (Washington, DC: The Urban Institute, 2009); S. Crowley, "The Affordable Housing Crisis: Residential Mobility of Poor Families and School Mobility of Poor Children," *Journal of Negro Education* 72 (2003): 22–38; C.S. Holupka and S.J. Newman, "The Housing and Neighborhood Conditions of America's Children: Patterns and Trends over Four Decades," *Housing Policy Debate* 21 (2011): 215–45; D.W. Hango, "The Long-Term Effect of Childhood Residential Mobility on Educational Attainment," *Sociological Quarterly* 47 (2006): 631–64; S.J. Clark, "Housing Instability: Toward a Better Understanding of Frequent Residential Mobility among America's Urban Poor," The Family Life Project (Center for Housing Policy, February 3, 2010), [http://www.centerforhousingpolicy.org/media/files/LawsonClark\\_analysis\\_for\\_child\\_mobility.pdf](http://www.centerforhousingpolicy.org/media/files/LawsonClark_analysis_for_child_mobility.pdf); R. Cohen and K. Wardrip, "Should I Stay or Should I Go? Exploring the Effects of Housing Instability and Mobility on Children." (Center for Housing Policy, February 2011), [http://mcstudy.norc.org/publications/files/CohenandWardrip\\_2009.pdf](http://mcstudy.norc.org/publications/files/CohenandWardrip_2009.pdf).

<sup>72</sup> George Galster, "Investigating Behavioral Impacts of Poor Neighborhoods: Towards New Data and Analytic Strategies," *Housing Studies* 18, no. 6 (2003): 893–914.

and far more have parents who were formerly incarcerated. Finally, about 210 families on the voucher waiting list need large units with at least 4 bedrooms.

## 4.2 FORMERLY INCARCERATED

People with criminal backgrounds have an especially difficult time securing affordable housing. Over the past decade and a half, a body of research has emerged documenting the housing challenges facing reentering prisoners.<sup>73</sup> Federally subsidized housing has strict eligibility guidelines and requires a criminal background check. Tax credit properties and many private landlords participate in the Crime-Free Housing program, which makes it more difficult for those with a criminal background to find housing. For registered sex offenders, finding housing can be even more difficult: in addition to facing criminal background checks, sex offenders are restricted to living in areas at least 500 feet from Community Safe Zones, which include schools, playgrounds, parks, and pools.<sup>74</sup>

Some community resources exist for those facing reentry, but there are few good options for families with children. Several organizations make available to people with a felony record a list of felon friendly housing options. The list includes 48 properties, of which 6 are hotels and 2 are sober living facilities. Available reentry programs such as Glory House serve single adults, not families.

Ultimately, children who have a currently or formerly incarcerated relative face the consequences of restrictive housing policies. Nationally, 52% of state inmates and 63% of federal inmates are parents of children under the age of 18.<sup>75</sup> Experts estimate that around 2.2 million children, or 3% of the total population under 18, currently have a parent incarcerated, and that number continues to grow as incarceration rates increase. Parental incarceration is highest among black children and those whose parents have less education.<sup>76</sup>

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<sup>73</sup> Sara Wakefield and Christopher Uggen, "Incarceration and Stratification," *Annual Review of Sociology* 36, no. 1 (June 2010): 387–406, doi:10.1146/annurev.soc.012809.102551; K. Beckett and S. Herbert, "Dealing with Disorder: Social Control in the Postindustrial City," *Theoretical Criminology* 12, no. 1 (2008): 5–30; K. Beckett and S. Herbert, *Banished: The Transformation of Urban Social Control* (New York: Oxford University Press, 2010); J. Petersilia, *When Prisoners Come Home: Parole and Prisoner Reentry* (New York: Oxford University Press, n.d.); J. Petersilia, "From Cell to Society: Who Is Returning Home?," in *Prisoner Reentry and Public Safety in America*, ed. J. Travis and C. Visser (Cambridge, UK: Cambridge University Press, 2005), 15–49; J. Travis and C. Visser, "Prisoner Reentry and the Pathways to Adulthood: Policy Perspectives," in *On Your Own without a Net: The Transition to Adulthood for Vulnerable Populations*, ed. D.W. Osgood, E.M. Foster, and C. Flanagan (Chicago: University of Chicago Press, 2005), 145–77.

<sup>74</sup> According to a recent report by KSFY, the number of sex offenders in Minnehaha County is on the rise, increasing from 300 in 2006 to 730 in 2016. <http://www.ksfy.com/content/news/Over-700-sex-offenders-living-in-Minnehaha-County-387889152.html>

<sup>75</sup> Lauren E. Glaze and Laura M. Maruschak. 2008. "Parents in Prison and Their Minor Children." *Bureau of Justice Statistics Special Report*, NCJ 222984. This report is based on results of the Bureau of Justice Statistics' Survey of Inmates in State and Federal Correctional Facilities.

<sup>76</sup> Wakefield and Uggen, "Incarceration and Stratification"; Christopher Wildeman, "Paternal Incarceration and Children's Physically Aggressive Behaviors: Evidence from the Fragile Families and Child Wellbeing Study," *Social Forces* 89, no. 1 (2010): 285–309.

**Table 4.10 Total prison population (statewide)**

	Male	Female	Total
State Inmates	3,261	494	3,755
Federal Inmates	25	1	26
Parolees			2,271

Source: SD DOC Adult Corrections End of Month Population for August 31, 2016, and SD DOC Parole Services for the Month of July 2016

Assuming that the South Dakota prison population resembles state prison populations nation-wide, about 1,953 current inmates and 1,181 parolees are parents of children under the age of 18. Of 24,330 enrolled students in Sioux Falls, an estimated 3% or 730 students have a parent who is currently incarcerated.

**Table 4.11 Inmates received and released (statewide)**

	SD State Inmates		Federal and Other State Inmates	
	Received	Released	Received	Released
2006	2,963	2,819	326	283
2007	2,963	3,002	242	222
2008	3,174	3,230	274	256
2009	3,216	3,138	329	314
2010	2,986	2,958	372	391
2011	2,858	2,888	389	392
2012	2,882	2,714	416	396
2013	2,788	2,859	291	300
2014	2,706	2,694	217	207
2015	2,922	3,014	184	172
2016	3,310	3,151	239	232
FY 17 TD	603	577	33	34
Total		29,458		2,933

Source: SD DOC Adult Inmates Received and Released, 9/12/2016

Statewide, approximately 3,000 inmates are released annually. An estimated 1,560 of those released annually are parents of children under 18.

Data are not readily available on how many former inmates and parolees choose to stay in Sioux Falls. However, J.C. Smith, the Regional Supervisor for the Department of Corrections Parole Division, estimates that the Sioux Falls Parole Office processes between 50 and 70 parole releases per month (600 to 840 annually).

That number includes parolees who temporarily live in transitional facilities in Sioux Falls as well as parolees transferred to Sioux Falls from other areas of South Dakota or other states. Smith estimates that 1 in 4 parolees request to live with family or a friend. The remaining 75% are placed in transitional facilities due to non-compliance with supervision, the need for assistance transitioning from prison's structured



environment back into the community, or lack of financial resources to secure an apartment or house immediately upon release from prison.

In April of 2016, HUD issued new guidance regarding the use of criminal background checks in housing decisions. The new guidelines apply fair housing standards to advise that criminal history cannot be used to automatically refuse an application or lease renewal. Although the new guidelines are expected to increase access to housing for those with a criminal record, they do not prohibit landlords or property managers from screening based on criminal background. The revised guidelines' effects on housing access remain to be seen.

### 4.3 REFUGEES AND IMMIGRANTS

Foreign-born residents face a unique set of challenges when it comes to affordable housing. In addition to economic barriers, many foreign-born residents must overcome language and cultural barriers to finding and maintaining affordable housing.

Of Sioux Falls's approximately 164,341 residents, 153,297 (93.3%) are native-born and 11,044 (6.7%) are foreign-born. About 59% of Sioux Falls's foreign-born population, which includes both immigrants and refugees, are relatively recent newcomers, having entered the United States in 2000 or more recently. Not all foreign-born residents of Sioux Falls are refugees, but many are. Around 400 refugees are resettled in Sioux Falls annually, and many secondary migrants relocate to Sioux Falls after having been resettled in a different state.<sup>77</sup>

In Sioux Falls, compared to native-born households, foreign-born households are more likely to rent. The majority (58.9%) of foreign-born households are renters, whereas the majority (62.5%) of native-born households own their own home.

**Table 4.12 Housing tenure for native and foreign-born households**

	Native	Foreign born
Total occupied housing units	60,986	4,552
Owner-occupied	62.5%	41.1%
Renter-occupied	37.5%	58.9%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

<sup>77</sup> In 2015, Lutheran Social Services (LSS) resettled 371 individuals in Sioux Falls. Secondary migrants who relocate from another state are eligible for assistance in their new location if they came to the United States in the last 5 years. In 2015, Lutheran Social Services (LSS) assisted 162 secondary migrants to South Dakota. However, that number probably undercounts the total number of refugees who relocated to the area, since it only includes those who came to the United States within the last 5 years and who applied for services once moving to South Dakota. <https://www.avera.org/app/files/public/63505/2016-diabetes-refugee.pdf> and <http://sdsynod.org/wp-content/uploads/2015/11/CNA-Fact-Sheet-10-2015.pdf>

Compared to native Sioux Falls residents, foreign-born residents also tend to have larger families.

**Table 4.13 Family and household size for native and foreign-born residents**

	Native	Foreign born
Total population	153,297	11,044
Average household size	2.36	3.35
Average family size	2.96	4.07

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

Note: Households include related and unrelated people living together in a housing unit. Families include only related people.

Whereas the average family size for native residents is just under 3 people, the average family size for foreign-born residents is over 4. Perhaps due in part to having larger families, foreign-born residents of Sioux Falls are more likely to experience overcrowding. HUD defines overcrowding as having more than one person per room and indicates that overcrowding increases a household's risk of becoming homeless.

**Table 4.14 Overcrowding among foreign-born households**

	Native	Foreign born
Total occupied housing units	60,986	4,552
Overcrowded (1.01 or more occupants per room)	1.2%	12.2%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

Whereas only about 1% of all residents in Sioux Falls live in overcrowded housing, over 12% of foreign-born residents do.

Foreign-born homeowners are also more likely to be cost-burdened, though foreign-born renters are not. This may be a result of overcrowding units to bring individual rent shares down.

**Table 4.15 Cost burden among native and foreign-born owners and renters**

	Native	Foreign born
Total occupied housing units	60,986	4,552
Cost-burdened (owner)	16.6%	24.6%
Cost-burdened (renter)	39.9%	33.6%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

Note: Cost-burdened is defined as paying more than 30% of household income in selected owner costs or gross rent.

In Sioux Falls, foreign-born households have lower earnings than native residents. The majority (over 58.2%) of native-born workers earn over \$35,000 annually. By comparison, just over one-third (34.3%) of foreign-born workers earn that much.

**Table 4.16 Median earnings for native and foreign-born households**

	Native	Foreign born
Population 16 years and over with earnings	62,309	4,830
\$1 to \$9,999 or less	1.2%	1.7%
\$10,000 to \$14,999	2.7%	1.3%
\$15,000 to \$24,999	14.1%	23.5%
\$25,000 to \$34,999	23.7%	36.5%
\$35,000 to \$49,999	26.6%	23.4%
\$50,000 to \$74,999	18.3%	6.9%
\$75,000 or more	13.3%	6.7%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501. Earnings are for full-time, year-round workers and are reported in 2015 inflation-adjusted dollars.

The median income for native-born men working full-time is \$42,210; for native-born women it is \$34,746. By comparison, median income for foreign-born men is \$31,525 and for women \$28,632.

Foreign-born households are also more likely to experience poverty.

**Table 4.17 Poverty status for native and foreign-born households**

	Native	Foreign born
Population for whom poverty status is determined	149,100	10,868
Below 100% of the poverty level	11.5%	21.1%
100 to 199% of the poverty level	16.6%	31.6%
At or above 200% of the poverty level	72.0%	47.2%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

Note: The federal poverty level for 2016 is \$24,300 for a family of 4, so 200% of poverty would be \$48,600. As a reminder, the median income for a family of 4, set by HUD, is \$72,000; 80% of median income for a family of 4 is \$57,600, the level at which most affordable housing programs begin. In other words, all people who fall below 200% of the poverty level also fall below 80% of MFI.

Whereas 72.0% of native-born households enjoy an income at or above 200% of the poverty level, just under half (47.2%) of foreign-born households do. Over two-fifths (21.1%) of foreign-born households fall below the poverty level.

Significantly, though, foreign-born workers are an important part of the Sioux Falls workforce. Foreign-born residents have just slightly lower rates of employment than native-born residents, with 67.5% of foreign-born residents employed compared to 71.1% of native-born residents.

**Table 4.18 Employment status for native and foreign-born individuals**

	Native	Foreign born
Population 16 years and over	118,120	9,526
Employed	71.1%	67.5%
Unemployed	3.1%	6.9%
Not in labor force	25.6%	25.5%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

In Sioux Falls, foreign-born workers make up an especially large part of the manufacturing industry workforce.

**Table 4.19 Employment by industry for native and foreign-born workers**

	Native	Foreign born
Civilian employed population 16 years and over	83,991	6,426
Agriculture, forestry, fishing and hunting, and mining	0.7%	1.0%
Construction	6.1%	2.6%
Manufacturing	8.0%	42.6%
Wholesale trade	3.5%	3.5%
Retail trade	13.2%	5.2%
Transportation and warehousing, and utilities	3.9%	2.2%
Information	2.2%	1.0%
Finance and insurance, and real estate and rental and leasing	12.2%	6.9%
Professional, scientific, and management, and administrative and waste management services	7.7%	7.1%
Educational services, and health care and social assistance	26.3%	17.3%
Arts, entertainment, and recreation, and accommodation and food services	9.1%	7.9%
Other services (except public administration)	4.2%	2.3%
Public administration	2.9%	0.4%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

Over 40% of the foreign born population—approximately 2,737 people—work in manufacturing. By comparison, manufacturing employs 8.0% of native-born Sioux Falls residents, or about 6,719 people. Although foreign-born residents make up just 7% of workers in Sioux Falls, they represent 29% of manufacturing employees.

In general, foreign-born residents tend to have less education than native residents of Sioux Falls.

**Table 4.20 Education levels for native and foreign born**

	Native	Foreign born
Population 25 years and over	99,649	8,116
Less than high school	6.8%	37.3%
High school graduate	26.9%	27.5%
Some college or associate's degree	32.6%	15.0%
Bachelor's degree	23.2%	9.4%
Graduate or professional degree	10.6%	10.8%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

Over one-third (37.3%) of foreign-born residents have less than a high school education, and another 27.5% have a high school diploma but no college. However, the rate of graduate or professional degrees is similar (around 10%) among both the native and foreign-born populations in Sioux Falls, indicating an important segmentation among the foreign-born population. These two segments of the foreign-born population likely have very different needs when it comes to housing.

Many foreign-born households also face language and transportation barriers.

**Table 4.21 Language spoken at home and ability to speak English**

	Native	Foreign born
Population 5 years and over	140,261	10,807
English only	95.8%	13.1%
Language other than English	4.2%	86.9%
Speak English less than "very well"	1.3%	54.3%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

Most foreign-born households (86.9%) speak a language other than English at home, and the majority (54.3%) report that they speak English less than "very well."

Foreign-born households are also more likely than native-born households to lack reliable transportation.

**Table 4.22 Vehicles for native and foreign-born households**

	Native	Foreign born
Total occupied housing units	60,986	4,552
No vehicle	5.4%	14.7%
1 or more vehicle	94.6%	85.3%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S0501

Nearly 15% of foreign-born households have no vehicle, compared to 5.4% of native-born residents. Note that for renters in Sioux Falls, about 13% overall do not have a vehicle available (see below). In that respect, the foreign-born population closely mirrors the renter population generally.

#### 4.4 PEOPLE WITH DISABILITIES

When it comes to finding affordable housing, people with disabilities face the added challenge of finding accessible housing. In Sioux Falls, about 10% of the population has a disability, including about 4% of children age 5 to 17, 10% of adults age 18 to 64 years, and 31% of adults 65 years and over.

**Table 4.23 Disability rates**

	Total	With a disability	% with a disability
<b>Total civilian noninstitutionalized population</b>	161,787	16,632	10.3%
<b>Population under 5 years</b>	13,273	99*	0.7%
With a hearing difficulty	(X)	78*	0.6%
With a vision difficulty	(X)	21*	0.2%
<b>Population 5 to 17 years</b>	27,042	1,088	4.0%
With a hearing difficulty	(X)	78*	0.3%
With a vision difficulty	(X)	35*	0.1%
With a cognitive difficulty**	(X)	968	3.8%
With an ambulatory difficulty**	(X)	144	0.5%
With a self-care difficulty**	(X)	215	0.8%
<b>Population 18 to 64 years</b>	103,153	9,755	9.5%
With a hearing difficulty	(X)	2,604	2.5%
With a vision difficulty	(X)	1,539	1.5%
With a cognitive difficulty	(X)	4,170	4.0%
With an ambulatory difficulty	(X)	4,060	3.9%
With a self-care difficulty	(X)	1,897	1.8%
With an independent living difficulty	(X)	3,557	3.4%
<b>Population 65 years and over</b>	18,319	5,690	31.1%
With a hearing difficulty	(X)	2,511	13.7%
With a vision difficulty	(X)	951	5.2%
With a cognitive difficulty	(X)	1,366	7.5%
With an ambulatory difficulty	(X)	3,523	19.2%
With a self-care difficulty	(X)	1,404	7.7%
With an independent living difficulty	(X)	2,612	14.3%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S1810

\*Although an estimate is reported for this subcategory, the sample size is too small to guarantee its reliability.

\*\*Reported for population under 18 years.

Among children, cognitive difficulties are the most common form of disability, affecting an estimated 3.8% of those under 18. Among adults age 18 to 64, cognitive difficulties are most common (4.0%), followed by ambulatory difficulties (3.9%) and independent living difficulties (3.4%).

Older adults are the segment of the population most likely to be affected by disabilities. About one-third of those age 65 and older (5,690 individuals) have a disability. Many seniors have more than one type of

disability. Most common are ambulatory difficulties, which affect 1 in 5 seniors, or about 3,523 individuals. Hearing difficulties affect around 14% of seniors (about 2,600 individuals), as do independent living difficulties.

It should be noted that estimates of the prevalence of disability are based on a survey of the civilian noninstitutionalized population. They exclude individuals living in nursing homes, mental hospitals, and other institutions. Therefore, they likely underestimate the total prevalence of disability in the population, but they do provide an indication of the number of people with a disability who are living in the community and therefore in the affordable housing market.

Within the general market for affordable housing, Sioux Falls has around 300 subsidized or tax credit units that are clearly identified as accessible to people with disabilities.

**Table 4.24 Accessible units in subsidized properties (includes tax credit and project-based)**

	Sioux Falls and surrounding	Sioux Falls city
Accessible units	360	319

Source: Lincoln & Minnehaha County Subsidized Housing inventory and Tax Credit Properties from South Dakota HUD office (May 2015)

Properties built after 1988 are subject to Section 504 regulations, which require that at least 5% of units be made accessible to residents with mobility restrictions and an additional 2% be made accessible to those with hearing or vision impairments. However, as detailed above, much of the rental stock in Sioux Falls was built before this regulation took effect. This study suggests a need to further evaluate affordable housing options available to people with disabilities.

In addition to accessibility challenges, people with disabilities may face material hardship that makes it difficult to find housing they can afford. The poverty rate among people with a disability (23.6%) is nearly three times the rate among people with no disability (8.7%).

**Table 4.25 Disability status by poverty level**

	Total	With a disability	No disability
Population age 16+ for whom poverty status is determined	123,408	15,562	107,846
Below 100% of the poverty level	10.6%	23.6%	8.7%
100 to 149% of the poverty level	7.9%	13.7%	7.1%
At or above 150% of the poverty level	81.5%	62.7%	84.2%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S1811

People with a disability may be more likely to experience poverty because, in many cases, they are unable to work. About 61.4% of people with a disability are not in the labor force, compared to 19.1% of people with no disability.

**Table 4.26 Labor force participation by disability status**

	Total	With a disability	No disability
Population Age 16 and Over	125,263	15,645	109,618
Employed	72.2%	34.5%	77.6%
Not in Labor Force	24.4%	61.4%	19.1%

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S1811

Yet even among those who reported earnings from employment in the previous year, people with a disability have lower incomes. Over half (57.6%) of people with a disability who reported earnings made less than \$25,000. Just 11.8% earned more than \$50,000.

**Table 4.27 Earnings distribution by disability status**

	Total	With a disability	No disability
Population Age 16 and over with earnings	97,985	6,503	91,482
\$1 to \$4,999 or loss	9.4%	18.1%	8.8%
\$5,000 to \$14,999	13.5%	22.9%	12.9%
\$15,000 to \$24,999	15.2%	16.6%	15.1%
\$25,000 to \$34,999	19.6%	16.2%	19.8%
\$35,000 to \$49,999	19.9%	14.4%	20.3%
\$50,000 to \$74,999	12.9%	7.6%	13.3%
\$75,000 or more	9.5%	4.2%	9.8%
Median Earnings	30,754	22,635	31,197

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table S1811

Overall, median earnings among people with a disability were \$20,623, about \$10,744 less than the median for people without a disability.



## 5 THE GEOGRAPHY OF AFFORDABLE HOUSING

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### KEY FINDINGS

#### 5.1 The geography of affordable housing

The distribution of vacancy rates by zip code suggests high demand for affordable housing, especially near the center of the city. HUD-subsidized rental units and tax credit properties have very low vacancy rates except in outlying zip codes and outside the city, possibly because low-income renters prefer to live closer to work and services. The highest vacancy rates for affordable housing are found in zip codes with fewer low-income students and less access to jobs.

#### 5.2 Transportation

Compared to homeowners, renters are more likely to have no vehicle available. Although nearly all owner households have at least 1 vehicle available, 8.5% (2,163) of working-age renter households do not. For those households, work and basic services must be walkable or accessible by public transportation.

Sioux Falls has about 321 tax credit units and 172 project-based subsidized units in walkable neighborhoods where most errands can be accomplished on foot. Most tax credit and project-based subsidized properties in the Sioux Falls region are located in areas that require residents have a car. In most of those neighborhoods, good access to public transportation can help compensate for poor walkability. About 3,595 (80%) income-restricted units are within walking distance (0.5 linear miles) of a bus route. In total, the number of income-restricted units that are walkable or near public transit surpasses the estimated 2,163 working-age renter households without a car.

## 5.1 THE GEOGRAPHY OF AFFORDABLE HOUSING

The distribution of vacancy rates by zip code suggests high demand for affordable housing, especially near the center of the city. HUD-subsidized rental units have the lowest vacancy rate of all unit types. Tax credit properties also have very low vacancy rates except in outlying zip codes and outside the city, possibly because low-income renters prefer to live closer to work and services.

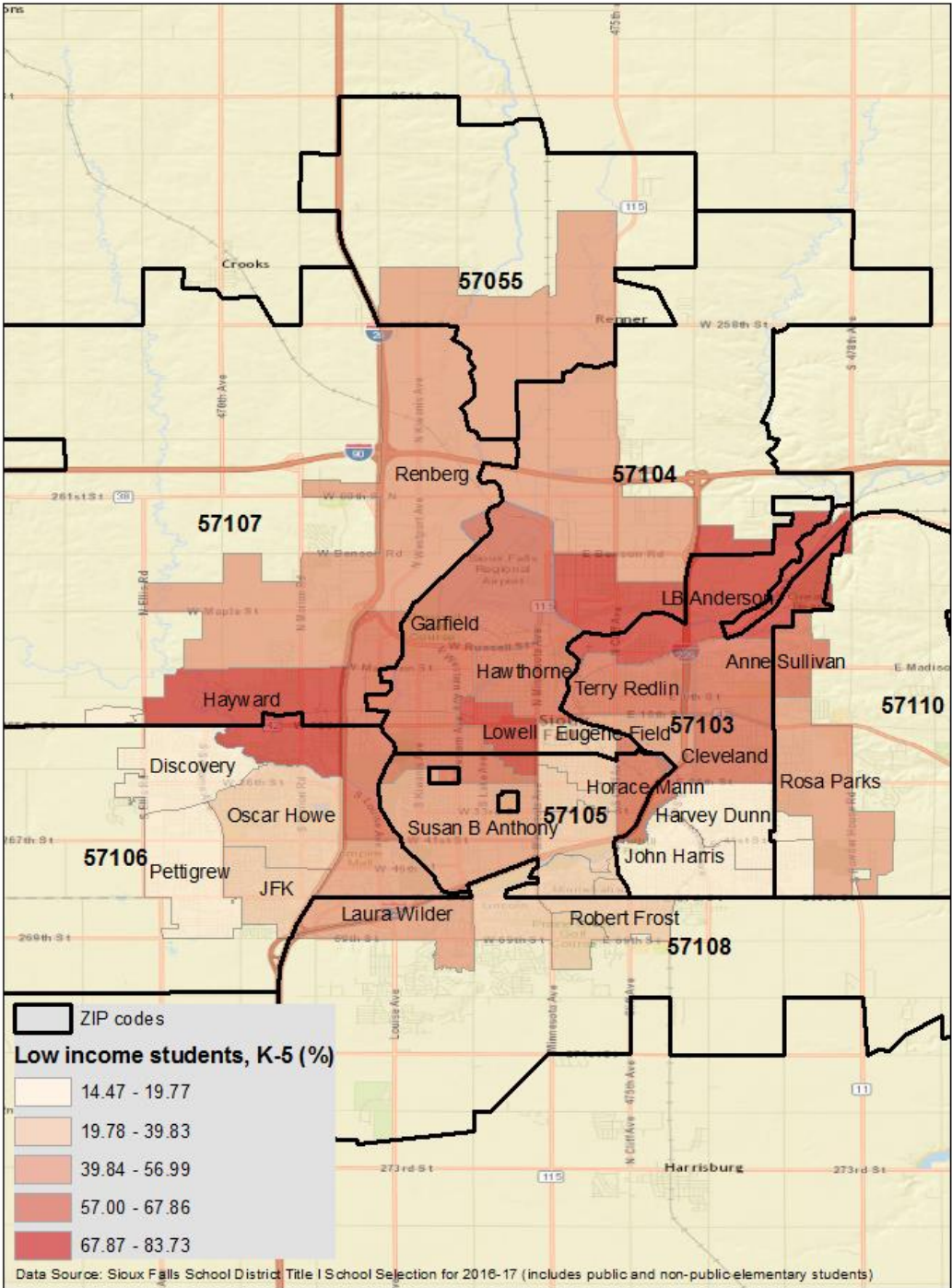
**Table 5.1 Vacancy rates by zip code (% vacant), July 2016**

	57103	57104	57105	57106	57107	57108	57110	Brandon	Harrisburg	Outlying areas within 20 miles
Conventional	5.06	7.83	7.61	4.85	0	6.54	4.82	10.19	13.64	4.71
Tax credit	20.83	5.57	0	6.67	4.35	2.17	4.21	7.73	10.68	8.00
HUD	2.65	1.59	0	0.95	M	M	M	6.25	M	0

Source: South Dakota Multi-Housing Association Rental Vacancy Survey, 7/15/2016. M = missing.

Overlaying zip codes on maps of low-income students (Figure 5.1) and HUD's job proximity index (Figure 5.2) reveals that the zip codes in Sioux Falls with the highest vacancy rates for tax credit housing (57103 and 57106) include areas with the lowest proportions of low-income students and have less access to jobs.

Figure 5.1 Low income elementary students eligible for free or reduced lunch by zip code





Note: The jobs proximity index quantifies the accessibility of a given residential neighborhood as a function of its distance to all job locations within a CBSA, with distance to larger employment centers weighted more heavily. Values are percentile ranked with values ranging from 0 to 100. The higher the index value, the better the access to employment opportunities for residents in a neighborhood. Specifically, a gravity model is used, where the accessibility ( $A_i$ ) of a given residential block-group is a summary description of the distance to all job locations, with the distance from any single job location positively weighted by the size of employment (job opportunities) at that location and inversely weighted by the labor supply (competition) to that location.

## 5.2 TRANSPORTATION

Compared to homeowners, renters are more likely to have no vehicle available or to have just 1 vehicle. As a consequence, they may rely more on public transportation or walking.

**Table 5.2 Vehicles among owners and renters**

	Owners	Renters
Total households	39,976	25,562
No vehicle available	613	3,335
1 vehicle available	8,749	12,878
2 vehicles available	20,101	7,558
3+ vehicles available	10,513	1,791

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25044

Although nearly all owner households have at least 1 vehicle available, 13% (3,335) of renter households do not. For those households, work and basic services must be walkable or accessible by public transportation. Another 50% of renter households have only 1 vehicle available.

However, many of the households with no vehicle available are retirement age.

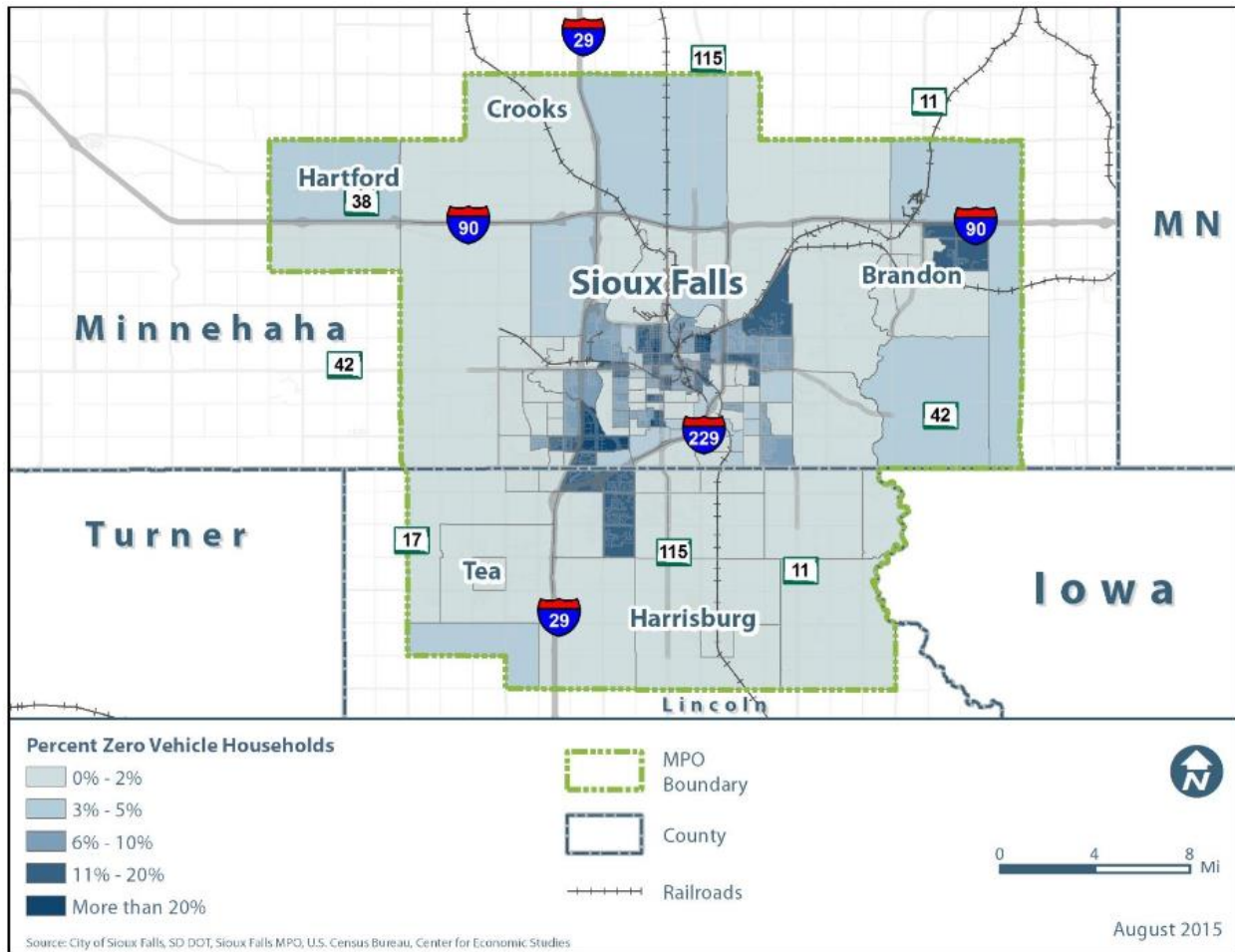
**Table 5.3 Vehicles among owners and renters by householder age**

	Owners	Renters
Total households	39,976	25,562
No vehicle available (total)	613	3,335
Householder 15 to 34 years	64	721
Householder 35 to 64 years	225	1,442
Householder 65 years and over	324	1,172

Source: U.S. Census, 2011-15 ACS 5-year estimates, Table B25045

After accounting for age, 8.5% (2,163) of working-age renter households have no vehicle.

Although the total number of zero-vehicle households is small, they are concentrated in certain areas of the city. In several areas of the city, more than 20% of households have no access to a vehicle. Two of these areas (west of downtown and Minnesota Avenue) are also areas of concentrated poverty.

**Figure 5.3 Zero vehicle households**

Source: Go Sioux Falls 20140 LRTP, November 2015

Most tax credit properties in the Sioux Falls region are located in areas that require residents have a car.

**Table 5.4 Walkability for tax credit properties (# of units) since 1987**

	Sioux Falls and surrounding	Sioux Falls city
Almost all errands require a car (0-24)	1,218	945
Most errands require a car (25-49)	1,801	1,436
Some errands can be accomplished on foot (50-69)	774	774
Most errands can be accomplished on foot (70-89)	248	248
Daily errands do not require a car (90-100)	58	58

Source: SDHDA HTC Cumulative Reservations (accessed 6/30/2016) and WalkScore.com

Only 321 units are located in areas where most errands can be accomplished on foot, and all of those units are located within the city of Sioux Falls.

Project-based subsidized housing also tends to be located in areas that require access to a car.

**Table 5.5 Walkability for project-based properties (# of units)**

	Sioux Falls and surrounding	Sioux Falls city
Almost all errands require a car (0-24)	108	40
Most errands require a car (25-49)	1,001	752
Some errands can be accomplished on foot (50-69)	378	299
Most errands can be accomplished on foot (70-89)	172	172
Daily errands do not require a car (90-100)	0	0

Source: SDHDA HTC Cumulative Reservations (accessed 6/30/2016), Lincoln & Minnehaha County Subsidized Housing inventory and Tax Credit Properties from South Dakota HUD office (May 2015) and WalkScore.com

Only 172 project-based units are located in areas where most errands can be accomplished on foot.

In total, Sioux Falls has about 478 income-restricted affordable units (tax credit or project-based) in walkable neighborhoods.

**Table 5.6 Walkability for tax credit and project-based properties (# of units)**

	Sioux Falls and surrounding	Sioux Falls city
Almost all errands require a car (0-24)	1,294	985
Most errands require a car (25-49)	2,536	1,985
Some errands can be accomplished on foot (50-69)	1,129	1,050
Most errands can be accomplished on foot (70-89)	420	420
Daily errands do not require a car (90-100)	58	58

Source: SDHDA HTC Cumulative Reservations (accessed 6/30/2016), Lincoln & Minnehaha County Subsidized Housing inventory and Tax Credit Properties from South Dakota HUD office (May 2015) and WalkScore.com

Note: Because some project-based properties also receive tax credits, numbers do not sum to totals.

However, good access to public transportation can help compensate for poor walkability, and indeed, many of the affordable units in car-dependent neighborhoods can be accessed by bus. The table below shows the percentage of units in each category of walkability that are within walking distance of a bus route.



**Table 5.7 Walkability for tax credit and project-based properties within 0.5 miles of a bus route, # of units (%)**

	Sioux Falls city (total units)	Sioux Falls city (units near bus)
Almost all errands require a car (0-24)	985	544 (55%)
Most errands require a car (25-49)	1,985	1,591 (80%)
Some errands can be accomplished on foot (50-69)	1,050	982 (94%)
Most errands can be accomplished on foot (70-89)	420	420 (100%)
Daily errands do not require a car (90-100)	58	58 (100%)

Source: SDHDA HTC Cumulative Reservations (accessed 6/30/2016), Lincoln & Minnehaha County Subsidized Housing inventory and Tax Credit Properties from South Dakota HUD office (May 2015) and WalkScore.com

In Sioux Falls, 80% of all income-restricted units are within walking distance (0.5 linear miles) of a bus route. However, the least walkable units—i.e., those for which almost all errands require a car—also tend to be far from bus routes. Only about half (544 of 985) of these least walkable units are within walking distance of a bus route. Tenants in these units are very likely to have a car.

Overall, 3,595 income-restricted units are within walking distance of a bus route, including 478 that are located in very walkable neighborhoods. In total, the number of income-restricted units that are walkable or near public transit surpasses the estimated 2,163 working-age renter households without a car.

Of course, even when a car or bus route is available, tenants might prefer to walk, especially if they perceive transportation as too expensive or time consuming. Observed vacancy rates suggest that, despite available transportation, individuals and families prefer more centrally located affordable housing.



Figure 5.4 Access to bus routes for tax credit and subsidized multifamily properties

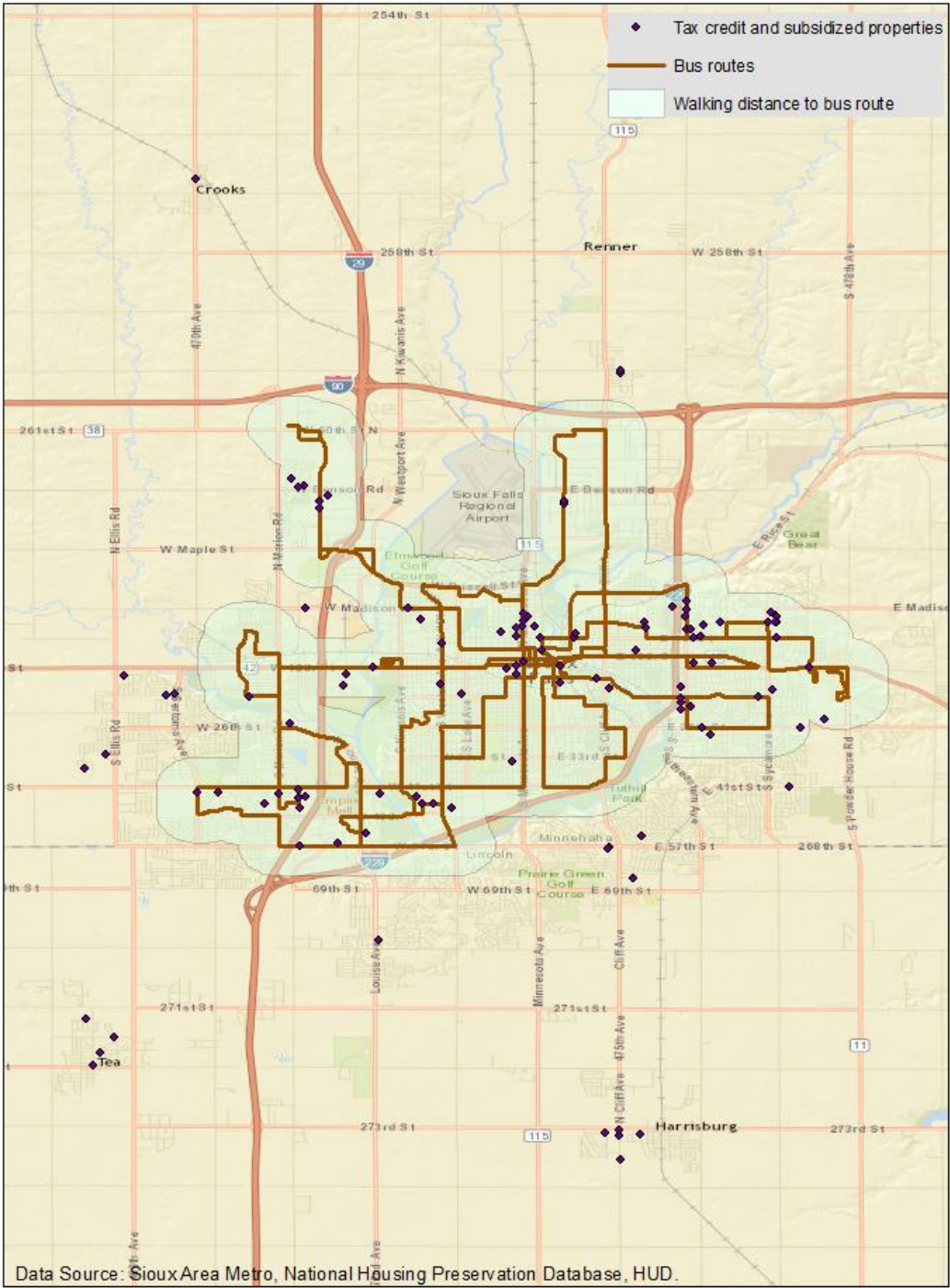
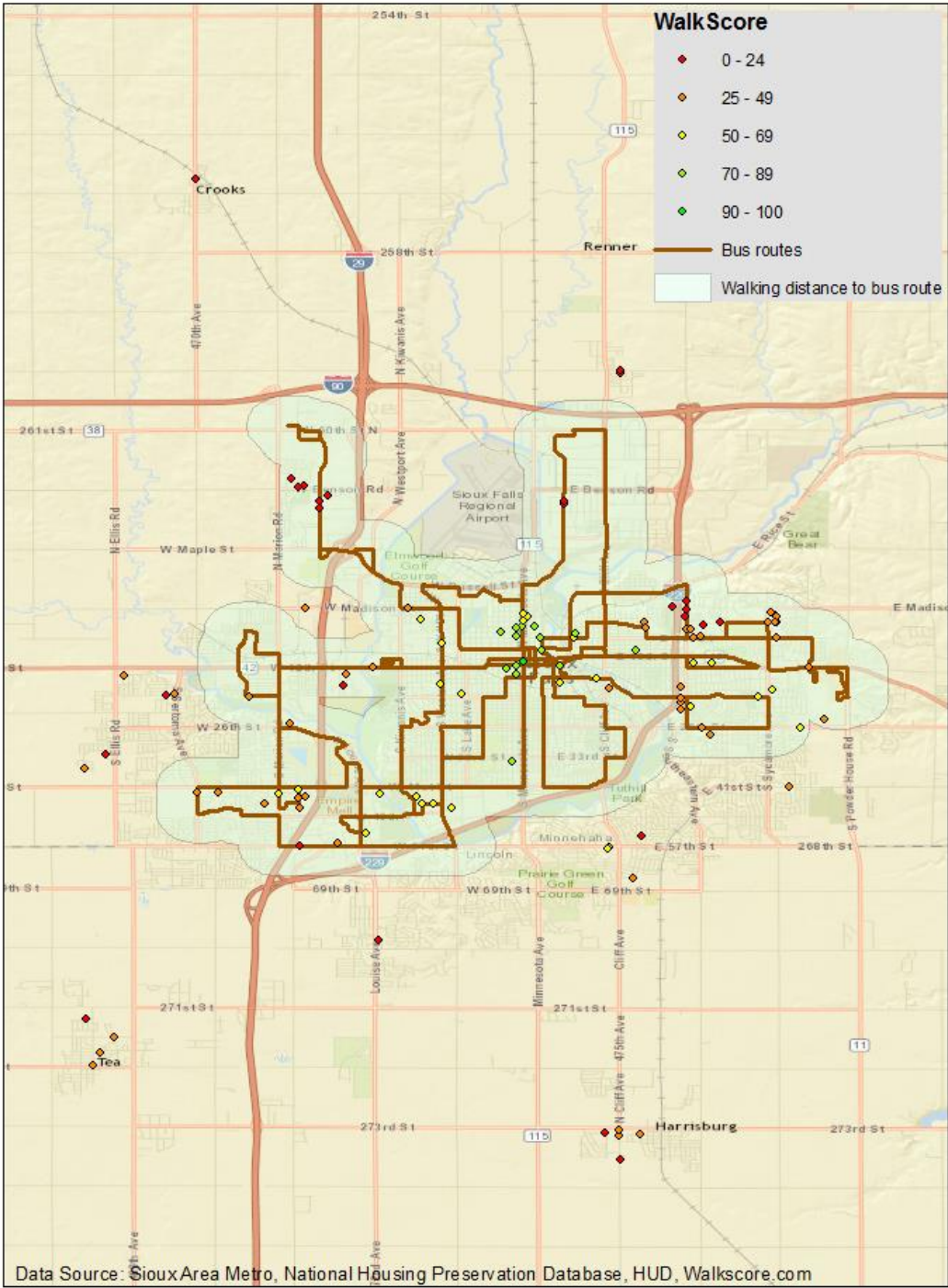


Figure 5.5 Walkability and bus route access for tax credit and subsidized multifamily properties



## 6 STAKEHOLDER AND CLIENT PERSPECTIVES

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### KEY FINDINGS

#### 6.1 Methodology

A series of focus groups were conducted with both clients and stakeholders in order to better understand their perspectives on affordable housing. Seven focus groups were held with clients, those seeking affordable housing. Another three focus groups were held with stakeholders from the development, social services, government, and nonprofit sectors. Additional stakeholder interviews were conducted in order to hear from as many organizations as possible.

#### 6.2 Perceptions of affordability

- Stakeholders say it is incumbent on businesses and employers to support affordable housing. They see affordable housing as workforce housing and point out its importance in economic development: affordable housing helps recruit and retain employees.
- Stakeholders and clients observed a need for more housing for extremely and very low income households, those making 30% or less of area median family income.

#### 6.3 The search for affordable housing

- Housing and neighborhood quality are top concerns, especially for families with children. Because the supply of subsidized housing is limited, most people in need of affordable housing turn to the open market, where they often encounter substandard conditions and slumlords. However, tenants are unwilling to report conditions for fear of eviction.
- Clients were familiar with the voucher waiting list, but because of the long wait (average 3.5 years), were forced to seek housing elsewhere.
- Subsidized housing buildings have their own waiting lists, plus onerous applications and stringent eligibility criteria, so most clients reported giving up and instead looking for cheap market housing.
- Most clients said the best way to find housing was to look for yard signs because there was no dependable list of available and affordable units for rent. Some used the internet, resource guides, or lists of subsidized housing available from service agencies.
- Clients agreed the process of looking for housing is confusing and difficult. Many complained they did not understand the system and weren't aware of resources.

#### 6.4 Perceived barriers

- Income: Wages are not high enough for families, especially those with a single earner, to afford market-rate housing.
- Location and transportation: Proximity to work and services is key to self-sufficiency, but most new construction is on the outskirts of the city. Clients prefer centrally located housing within walking distance of work and services, but stakeholders emphasize the importance of dispersing affordable housing to avoid concentrated pockets of poverty.

- Application process: Lack of a central clearinghouse for available housing combined with long, complicated applications, fees, and security deposits make finding an apartment difficult and expensive.
- Market pressure: Intense rental market pressure is the result of an influx of new residents, a tight housing market (especially for less expensive starter homes), and low vacancy rates.
- Costs of creating new affordable units: Construction costs, government regulations, and taxes and fees make it expensive to create affordable housing units, driving up rent.
- Rejection and discouragement: After repeated rejections, some clients give up looking for housing.
- Vulnerable groups: Certain groups have even more trouble finding housing, especially those with poor credit or rental history, lack of rental history, or poor and no employment history; those struggling with addiction or mental health or other medical problems; those with a criminal background; those facing discrimination; and those without a social support network of family or friends

### 6.5 Perspectives on children and housing

- Stakeholders agreed that focusing on housing for children is paramount because housing provides stability and can interrupt the cycle of generational poverty, yet they also acknowledged there are few resources available that specifically target children.
- For families, the biggest barrier to maintaining affordable housing is balancing childcare, housing, and employment.
- Families value affordable housing in safe neighborhoods where children will be surrounded by positive role models.
- Larger families have trouble finding apartments with enough bedrooms, and families with children worry about noise problems and neighbors' complaints.
- Housing and custody are often interconnected: custody decisions may hinge on whether a parent has stable housing, while guardians who do not have official custody of children may not qualify for additional assistance based on family size or presence of children.

### 6.6 Participants' proposed solutions

- Solving the affordable housing puzzle will require data-driven collaboration among providers to better understand and address needs in the community.
- More case management and accountability will decrease demand for affordable housing units by helping individuals and families in affordable housing transition toward self-sufficiency.
- Providers could increase access to affordable housing by creating a streamlined housing search and application process.
- Creating more affordable housing will require innovative local funding sources (e.g., tax and regulatory reform, a local housing trust fund, employer investment, or faith-based and volunteer commitments).
- Affordable housing should be seen as a common good that benefits the entire community by providing stability for families, revitalizing neighborhoods, and retaining workers.

## 6.1 METHODOLOGY

### 6.1.1 Client focus groups

Seven focus groups were held with clients (i.e., people seeking or living in affordable housing): five at the downtown library and two in shelters. They were held at various times of day and on both weekdays and weekends. Clients were referred to the focus groups by service providers. Flyers advertising the focus groups were also distributed to shelters and posted on community bulletin boards at the library and downtown stores. Participants in the client focus groups received a \$20 gift card to Payless Shoes as an incentive.

**Table 6.1 Client focus group participants**

Total participants	61	<u>Language</u>	
		English at home	59
<u>Gender</u>		Other language	1
Male	32	Missing	1
Female	29		
		<u>Household size</u>	
<u>Age</u>		1 person	22
18 - 24	8	2 people	8
25 - 39	16	3 people	9
40 - 64	37	4 people	12
65+	0	5+ people	9
		Missing	1
<u>Race</u>		<u>Children in household</u>	
White	16	0 children	28
Native American	40	1 child	10
Black	2	2 children	11
Asian	0	3 children	5
Multi-racial	2	4 children	5
Other	1	Missing	2
Hispanic	2		
Non-Hispanic	59	<u>Annual household income</u>	
		\$0 - 21,600	50
		\$21,601 - 36,000	9
		\$36,001 - 57,600	0
		\$57,601 - 72,000	0
		\$72,000+	1
		Missing	1

### 6.1.2 Stakeholder interviews and focus groups

Stakeholder interviews and focus groups were conducted with representatives from 25 stakeholder organizations, including developers, property managers, local city and county government, federal government, non-profit organizations, businesses, and faith-based groups.

Three focus groups were held with stakeholders. These groups were intended to be as inclusive as possible; no interested participants were turned away. Stakeholder participants were recruited based on preliminary lists of organizations involved in affordable housing or supportive services and referrals from preliminary stakeholder interviews. Additional interviews were conducted with stakeholders who were not able to participate in focus groups. Individuals affiliated with the following organizations were interviewed or participated in focus groups. They often spoke as individuals, not as representatives or spokespeople for organizations; however, their experiences with organizations inform their points of view. This list is not intended to suggest these organizations or their representatives endorse this report, in whole or in part, but only to show the range of viewpoints considered in its preparation.

### Affordable Housing Solutions

Citi

City of Sioux Falls Community Development

Costello Companies

Family Connection

Helpline Center

Homeless Advisory Board

Housing and Urban Development (HUD), South Dakota office

Key Real Estate

Lloyd Companies

Lutheran Social Services

Minnehaha County Human Services

St. Joseph Catholic Housing

Sanford Health CHILD Services

Sioux Empire Homeless Coalition

Sioux Empire Housing Partnership

Sioux Falls Development Foundation

Sioux Falls Housing and Redevelopment Commission

Sioux Falls School District

South Dakota Child Protection Services

South Dakota Department of Social Services

South Dakota Multihousing Agency

South Eastern Council of Governments

Volunteers of America, Dakotas

The Community Outreach

The Sioux Falls Ministry Center

## 6.2 PERCEPTIONS OF AFFORDABILITY

Key points:

- *Affordable housing policy must address different subpopulations with different needs, including the following groups:*
  - *Extremely low income households (less than 30% MFI) in need of supportive services to establish and maintain stability and self-sufficiency*
  - *Low or middle income households in need of workforce rental housing priced at a rent level that allows them to begin saving and growing assets*
  - *Low or middle income households in need of single-family housing and neighborhood revitalization to maintain or improve the quality of existing affordable housing*
- *Affordable housing is a prerequisite to workforce supply and economic development.*
- *Despite low rates of unemployment that drive up wages, market-rate rent is unaffordable for many working individuals and families in Sioux Falls.*

### 6.2.1 Definitions

When asked to define affordable housing, clients tended to focus on what affordable housing would mean for their quality of life. Stakeholders focused more on statutory definitions of affordable housing. Most stakeholders referred to HUD's definition of paying no more than 30% of monthly income for housing. They explained that their work in affordable housing is defined by what federal guidelines require. But as one stakeholder pointed out, the 30% guideline is an upper cap on what a family may be able to afford:

*"At 30%, you're precariously housed, because that's a very high percentage. At 50%, then you are imminently homeless, and one small bill can make you homeless."*

Stakeholders added that affordable housing initiatives target households whose income is at or below 80% of median family income. Some stakeholders drew distinctions within that spectrum: for instance, one stakeholder defined workforce housing as subsidized housing for those near 80% of MFI who could afford market housing but are able to find more economic security through subsidies; he defined affordable housing, by contrast, as subsidized housing with supportive services for very and extremely low income households struggling with multiple problems that make maintaining housing difficult.

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*"Affordable housing? I think of a wish list—something that's on my wish list."*

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In general, stakeholders acknowledged that existing affordable housing initiatives tend to target the upper part of that income range, neglecting the lowest income households. Some stakeholders

reported that tax credit properties have trouble filling units at the 60% MFI range (i.e., the upper part of the affordable housing income range), whereas the voucher waiting list, which serves households at the lower end of the income range (less than 50% MFI) has a nearly 4-year waiting list. In essence, stakeholders explained, tax credit properties and the voucher waiting list serve different populations; while there are signs of an oversupply of affordable housing for households above 50% MFI, there are signs of an undersupply for households below 50% MFI.



Clients used less formal definitions, but agreed that affordable housing should fit within a manageable budget.

*“What is affordable housing? To me, it’s like being able to live comfortably where I have extra income and I’m not stressing to make rent month by month.”*

Unfortunately, clients said, such housing is hard to come by.

*“Affordable housing? When you say that? I think of a wish list—something that’s on my wish list.”*

Nearly all of the client focus group participants fell into the extremely low income category (less than 30% MFI), a category stakeholders acknowledged is not well served by current initiatives.

In talking about affordable housing, both clients and stakeholders agreed the conversation should include both subsidized and market-rate housing. However, clients spoke almost exclusively about rentals, whereas many stakeholders were concerned with home ownership and single-family homes. They suggested, however, that multifamily or rental property and single-family and homeownership will require two separate policy paths, different solutions for different problems.

However, some stakeholders suggested that the problems are related: as housing prices rise, young people may delay purchasing more expensive starter homes and stay in the rental market longer, increasing pressure on rents and making it more difficult to find affordable rental housing.

Stakeholders acknowledged that property costs are a problem when it comes to developing affordable single-family housing, as are materials and labor. Several stakeholders remarked that revitalizing neighborhoods and upgrading existing single-family housing stock could help preserve affordable housing. They were apprehensive about the destruction of smaller, more affordable single-family homes with the expansion of hospitals and businesses, since the cost of building new housing would exceed that of renovating what had been there. Some stakeholders suggested a more concerted effort to move rather than destroy these homes. They also pointed out that some areas of town, particularly the north end, still have relatively affordable lots.

### 6.2.2 Highest need

Both clients and stakeholders agreed that subsidized affordable housing is especially important for the elderly, people with disabilities, and single mothers—those who, as several participants explained, may not be able to work or not able to earn enough by working to afford market-rate housing. Given that focus, stakeholders urged attention to the supply of accessible units for people with disabilities.

### 6.2.3 Workforce housing

Although stakeholders saw affordable housing as a social safety net, they also advocated a move away from thinking and talking about affordable housing as welfare. Instead, several stakeholders suggested reframing affordable housing as workforce housing and an investment in the local economy: not only does it provide housing for employees; subsidies and tax credit also provide an infusion of capital for local developers and construction companies.

*“Look at just from the federal side of things, just through housing subsidies between the housing authority and the others, that’s probably \$20 million coming to Sioux Falls. People*



*can argue and fuss about government. Ok, how do you make your money? I'm a contractor. Well, do you do work for Sioux Falls Housing? You're getting federal dollars. So how we frame that—as soon as you say 'affordable housing,' there's a faction of people that go 'ah.'"*

Many stakeholders spoke of affordable housing as workforce housing, which appeared to have at least two meanings. To some, workforce housing means market housing without income guidelines or regulations, but priced to be affordable to lower wage earners. They pointed

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*"We're going to bring in 15,000 new jobs over a period. Where the heck are they going to live?"*

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to a need for what they called affordable market workforce housing, or housing for those who earn too much to qualify for subsidized housing but not enough to afford the market rents available.

To others, workforce housing refers to the idea that affordable housing—including subsidized, income-based housing—meets a key workforce need, ensuring that employees can find a place to live. Several stakeholders praised the community's economic development, but cautioned that creating new jobs requires new housing.

*"We're going to bring in 15,000 new jobs over a period. Where the heck are they going to live? I've asked that question a hundred times: where are they going to live? But we don't want to talk about it."*

Stakeholders shared a common concern that lack of housing for employees could begin to hurt businesses that can no longer fill jobs. One stakeholder provided an illustrative anecdote:

*"Unemployment's 2.7%. Full! Everybody's looking for workers. You can't go anywhere without a help wanted sign. I talked to [a local fast-food franchise owner] yesterday. He has to pay \$11 [to new employees], and then he hopes they stay."*

Another spoke of the problem more generally:

*"As we grow as a community, if we continue to bring businesses in—almost every day in the paper now I'm reading of another company that is moving to Sioux Falls. My question in my head is where are we going to put these people who are going to have to work at these places? I think they're going to quit coming if we don't provide housing."*

Low unemployment and high demand for labor are boosting wages for the moment, but stakeholders predicted wages would eventually fall. In the meantime, they acknowledged, even \$11/hour is not enough to afford market-rate rent.

Stakeholders also saw a connection between economic development initiatives that create high-paying jobs and the continued expansion of the low-paying service sector.

*"We've worked hard getting a level of work that pays maybe \$20, \$25/hour, \$30/hour, because we pride ourselves on good-paying jobs. Well when you get those, you also create a whole bunch of other jobs that are at \$8, \$9, \$10, or \$12/hour."*

## 6.3 THE SEARCH FOR AFFORDABLE HOUSING

Key points:

- *Affordable housing is difficult to find.*
  - *Long waiting lists and strict eligibility requirements make subsidized housing inaccessible to most.*
  - *Subsidized housing is dispersed, avoiding concentrated poverty and encouraging mixed income development, but at the cost of accessibility to work and services.*
  - *The housing search and application process is fragmented and inefficient; clients and stakeholders alike find it difficult to navigate.*
- *Often, affordability and quality trade off.*
  - *Affordable market housing is often poor quality or in undesirable neighborhoods.*
  - *Residents of substandard properties are unwilling or unsure how to report slumlords.*
  - *When individuals or families are unable to find housing, they may end up homeless or in unsafe, unsanitary housing.*

### 6.3.1 Searching for housing

Clients and stakeholders both talked about the difficulty of finding affordable housing. Most clients had given up on the possibility of getting a Housing Choice Voucher any time soon; they were familiar with the long waiting list, as were stakeholders. In fact, not only did participants report a long waiting list for vouchers, but also for project-based subsidized housing and for affordable tax credit properties. Several stakeholders who work as case managers voiced frustration with the system.

*“From the standpoint of myself and my clients, it’s not going well at all because they can’t get in! I mean, I don’t think I’ve gotten anybody into a tax credit property. They just can’t get in.”*

Some clients said they had considered applying for vouchers in other communities where waiting lists are shorter, but without reliable transportation, they could not commute back to Sioux Falls for work. Stakeholders were also familiar with this predicament. They reported referring some clients—those with cars—to surrounding communities because the voucher waiting lists were shorter. However, they said, that was rarely a feasible solution, for a variety of reasons.

*“I did want to mention Lennox housing vouchers, because nobody can use them, or at least not our people that we work with. Because there really isn’t any housing in the area that they can use those, and if they do find a place, they can’t get in because of credit—or even if they could, then they have to think about transportation, jobs, childcare, all of that. Because if they do get housing, then they’re kind of trapped there.”*

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*“They don’t know how to navigate the system.”*

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But even those who had made it to the top of the list explained that finding an apartment where they could use the voucher was difficult, too. Stakeholders

confirmed this is not an isolated problem. Vouchers have rent caps, so recipients must find an apartment that is available at or below 110% of fair market rent. Otherwise, the difference falls on the tenant, and failure to pay means losing housing and the voucher. Some landlords may be reluctant to accept vouchers,

especially those who have had or heard about negative experiences in the past. Families may also have trouble finding an apartment with enough bedrooms, or finding a landlord willing to accept them. Stakeholders also reported that the strict credit and criminal background checks for HUD-subsidized housing also kept many clients out.

Clients said that finding affordable housing is difficult because most people have no idea where to start.

*“Just to find out what I can and can’t do or how the systems works—I have no idea and I never had to go through this before.”*

Many clients said they had little experience searching for housing or negotiating leases. Often, lack of experience with finding housing was coupled with a non-existent rental history, which presented additional problems for housing seekers.

Stakeholders agreed the system is opaque and confusing.

*“That’s one of the huge issues, even for people already here. They don’t know how to navigate the system. Even for us, navigating the system is—we just send it back and forth between [agencies], half the time. Oh, you’ve already talked to them? Oh, sorry!”*

Clients reported using a variety of strategies to search for housing. Several clients said they went to Craigslist or the Shopping Guide to look for apartment listings. Others reported using Google to try to find housing, though without much success, especially in finding housing for felons. Most clients were familiar with 211 and the Sioux Falls Resource Guide, which they found at the Sioux Falls Housing and Redevelopment Commission, the Department of Social services, and shelters.

Although clients said they sometimes used resource guides or lists of landlords provided by agencies, they found that internet research, word of mouth through social networks, and looking for yard signs were the most effective ways to find apartments.

*“A lot of times, I take the bus and just ride around and look because I look through the paper, I look through the Shopping News, I don’t see a whole lot. So my sister drives me around and we see more on the lawn signs than you do in the paper and all that.”*

Clients said that apartment listings were widely available, but could be even more available. More significantly, though, they said what was missing is guidance and help in finding an apartment that is a good match and help in filling out applications. They agreed that the real barrier to finding housing came not in finding information, but in taking that information and acting on it or following it up.

Several clients found that their housing searches were made more difficult by inconsistent availability of programs and services offered by non-profit organizations.

*“What happens to the money that the people get for the programs and the office is only open for, like, 1 or 2 months and they have a big old flyer—you know, GED, rental assistance, and all of this other stuff—make the flyer look good, but they’re only open for 2 or 3 months, and then you go up there, and they’re not there?”*

Stakeholders who work in case management noted the same problem.

*“The directors have to make hard cuts when the program loses funding or doesn’t need the numbers. But I also think sometimes we see issues where people are saying they’re doing something, or have grant funding for that, so when you call and you say I thought you did this, they say we do, but we don’t have anything available right now. Well, then you’re not providing that service!”*

Many clients and stakeholders said that people who are unable to find an apartment to rent often resort to a motel, which costs around \$700 or \$800 per month. In some cases, motels are a temporary solution for people who cannot find shelter on a weekend or outside of open hours. For others, motels become a semi-permanent solution while waiting for a housing voucher. Stakeholders said that clients may also resort to staying in cars or substandard housing that is unsafe or unsanitary.

### 6.3.2 Housing quality

Clients overwhelmingly agreed that finding affordable housing in Sioux Falls requires sacrificing housing or neighborhood quality. Many clients complained about slumlords with poorly maintained properties.

*“Slumlords. If you’re looking for a place that is anywhere under \$700/month, you’re going to end up with a landlord who’s not responsible, for the most part.”*

Clients reported a variety of housing quality problems, from cockroaches and bedbugs to mold, holes in walls or stairs, dysfunctional appliances, and plumbing problems. Generally, clients regarded subsidized housing as being of higher quality than the market housing they could afford, in part due to the required inspections.

*“We moved into a house, and we were so happy to move in! But once we moved into it, it was so bad that I was like, oh my gosh, if I were on housing, they wouldn’t allow that!”*

Other clients, however, reported that, even in subsidized housing, there was little follow-up or enforcement when inspections turned up problems.

Stakeholders acknowledged that slumlords and poor quality housing were often the only available option for those waiting for housing vouchers or for people with a criminal background, poor credit, or other factors that make it difficult to secure a lease. Low-income renters are an especially vulnerable tenant population, as both clients and stakeholders observed:

*“In that situation, there’s no real way—because it’s [subsidized] housing—that the tenant can withhold [rent], find out how much it takes to replace whatever is broken, or how much it takes to get rid of the mold. The tenant can’t go and withhold that rent, put it in escrow, and have that repair done. There’s no way.”*

Certain groups, such as people recently released from prison, are even more vulnerable. Unable to secure decent affordable housing, they may end up

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*“Tenants are too afraid to go to their landlord.”*

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without a lease in a slumlord property with no recourse if something goes wrong. Although they can file a complaint with the city, tenant education may be necessary to ensure they know they have that right.

Even then, with so few housing options available, particularly vulnerable tenants may be unlikely to exercise their rights.

*“[In slumlord situations,] the tenants have some sense of their rights, but are too afraid to go to their landlord because they may owe rent or whatever, and so they don’t think that their landlord’s going to do anything about any issues.”*

Clients explained that tenants are often blamed for property damage or wear and tear that should be the landlord’s responsibility (e.g., peeling paint, plumbing and electrical problems, mold).

Some stakeholders pointed out that regulations are in place to address slumlords, but tenants must be educated about their rights in order to file complaints. Other stakeholders pointed to the dilemma that shutting down low-quality housing would displace people who have nowhere else to go. Clients voiced fear that, if they did report a slumlord, they would be evicted. Many stakeholders said that is a common concern among clients, many of whom may not even have a lease and therefore lack legal recourse.

Clients also reported that affordable housing tends to be located in less desirable neighborhoods.

*“You’re not going to find something for \$500 in a nice neighborhood or \$600 in a nice neighborhood or 7 is even pushing it.”*

Stakeholders, on the other hand, said Sioux Falls has done a laudatory job of dispersing affordable housing around the city and avoiding concentrated projects. They emphasized the importance of maintain mixed-income neighborhoods and avoiding concentrated poverty. Some stakeholders pointed out that there are some pockets of poverty in older neighborhoods, such as Pettigrew Heights, but that newer neighborhoods where the city has had a more active role in recent planning tend to be better.

A few stakeholders, however, did acknowledge that they have encountered opposition to developing affordable housing in certain neighborhoods:

*“You want to put an affordable housing development in a nice neighborhood, and what do you get? NIMBY! Not in my backyard! Well, property values, that’s the main one, and then they don’t want to talk about the fact that the caliber of people who would be there may not be socially acceptable [to current residents].”*

Clients pointed out that dispersing affordable housing by locating it on the outskirts of town created inconvenience and made it difficult for residents to access services clustered in the downtown area. Most clients said they would prefer housing located near the center of the city, where they could save money by walking to grocery stores, and service providers.

## 6.4 PERCEIVED BARRIERS

Key points:

- *Barriers to finding affordable housing include income levels, transportation, a complicated application process, market pressure, construction costs and government regulations, rejection and discouragement, and special concerns of certain vulnerable groups.*
- *Income levels*
  - *For many individuals and families in Sioux Falls, wages are not high enough to afford market-rate rent or to purchase a home.*
  - *For families, it is especially difficult to afford both childcare and housing.*
- *Transportation*
  - *Infrequent bus service and inconvenient transfers result in very long travel time for those who rely on public transportation.*
  - *Housing on the outskirts of the city is seen as high quality and desirable, but inaccessible without a reliable car.*
  - *Clients prefer centrally located housing with easy access to services and employment, which stakeholders point out are key to self-sufficiency.*
- *Complicated application process*
  - *Filling out multiple applications and paying multiple application fees is burdensome for many people seeking housing.*
  - *Screening criteria are not published, nor are they consistent or definitive, resulting in people wasting time, effort, and money applying for housing for which they are not qualified.*
  - *Both clients and stakeholders would like to see a unified or consistent application process.*
- *Market pressure*
  - *Increased pressure on the rental market comes from newcomers and recent college graduates plus rising house prices.*
  - *A tight rental market leads to picky landlords unwilling to rent to risky tenants and a lower supply of subsidized housing as developers convert expiring affordable properties to market-rate properties.*
- *Construction costs and government regulations*
  - *The cost of housing is driven by the costs of labor, materials, property, taxes, fees, and code requirements.*
  - *Subsidies have complex applications and restrictions on construction and management that crowd out small developers and non-profits, decreasing competition in the affordable housing sector.*
  - *High costs lead developers to focus on the upper income range of the affordable housing spectrum, leaving few options for extremely and very low income households.*
- *Rejection and discouragement*
  - *Enduring a long, difficult search for housing leads to discouragement for many.*
  - *Program rules must balance pushing residents toward self-sufficiency with providing a safety net and support system to get them back on track rather than evict or expel when problems arise.*

- *Vulnerable groups*
  - *Poor or non-existent rental and credit history are significant barriers for many.*
  - *Mental health problems and addiction contribute to housing problems, potentially leading to a cycle of eviction when untreated.*
  - *The felon population, which is expected to increase over the coming years, cannot find housing because much of the affordable rental housing is crime free.*
  - *Some clients report experience discrimination based on race, culture, or income level, and few know how to report fair housing violations.*
  - *Many individuals and families without secure housing also experience isolation and a lack of social support as both a cause and consequence of their lack of housing.*

#### 6.4.1 Income

Both clients and stakeholders identified income as perhaps the most significant barrier to finding affordable housing. Both identified special need among groups on limited incomes, such as those who depend on disability benefits as their main source of income. But they also said that, for many working people, wages simply are not high enough to afford market-rate housing. Clients and stakeholders both reported that starting wages in the Sioux Falls area average around \$10 an hour. Opinions varied on what would constitute a living wage in Sioux Falls, though most clients and stakeholders suggested something close to \$15 an hour.

Clients reported that it is especially hard for parents—and particularly single parents—to earn enough to afford housing and childcare. Often, clients said, they were faced with a trade-off between working enough hours to afford expenses and being available for their children.

*“At my last job, I was making \$13. But I've moved over to a new job because my hours were 12 hours, 5 days a week. It was just too much. I was losing control of where my kids were, everything, so I changed my job so I could be around my kids more. And I'm making \$10 there. And as long as it's \$10 on up, I'm fine. Anything under \$10, you're struggling.”*

Stakeholders also acknowledged that parents face a special challenge when it comes to wages, work, and childcare. Some stakeholders pointed out that parents may need to work multiple jobs in order to make rent. These may be strenuous or undesirable jobs or distant jobs that require hours of travel. In the meantime, these parents are away from family, and their children may lack supervision or care.

#### 6.4.2 Transportation

Both clients and stakeholders identified transportation as a significant barrier to finding and securing affordable housing. Many clients said they use the Sioux Area Metro bus system. Within Sioux Falls, they

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*“There’s housing on the outskirts of town, but am I going to be able to walk to a store?”*

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reported, bus service is generally good. Clients were pleased that route hours have been extended into the evenings, which they say helps those who work second shift.

Clients also said they would like to see free transfers come back, and some said they would like to see more frequent buses and more intersecting routes to facilitate transfers.

*"I just wish they had more [bus service]! Because some of those routes just go once every hour, and once you miss it, there goes 2 hours of your time just waiting on buses. And then I wish some of them would cross paths. That way you could jump off one and get onto another one."*

Clients reported that, because buses run infrequently and transfers are inconvenient and expensive, bus trips take an inordinate amount of time. Several clients said that, because they spent hours on a single trip, they ended up missing appointments.

*"Just to go out and get my son's Social Security card took me 2 and a half hours, and I ended up missing another appointment just because I couldn't get back downtown in time. Then when you go and say well I'm sorry, they're like [scoffs] how could you go wrong? And I'm like well you try and go get a Social Security card way the heck out there on 57<sup>th</sup> Street and try to get back downtown within an hour to 2 hours!"*

Consequently, clients said they try to look for housing near the center of the city so they have easy access to most services.

*"Where would you find it [housing]? I'm hoping close to downtown in walking distance, close to grocery stores, that way it cuts back on gas and stuff like that. I know a lot of people tell me there's housing on the outskirts of town, but in my mind, I think, well am I going to be able to walk to a store? That's why I don't even bother looking at those."*

For clients, having a reliable car significantly opened up the options for housing, because it allowed them to search on the outskirts of town and in surrounding communities.

*"But you have to have a vehicle. You have to get into Sioux Falls. Yeah, you have to have a vehicle to get to the work. And all that gas back and forth kind of makes up for the \$700 or \$800 you'd be paying [in Sioux Falls]. But that would be nice, to be on the outskirts like that. I mean, I guess that's what maybe I'm shooting for."*

For those without a reliable car, however, their housing search was restricted. Many clients voiced a desire for bus service to surrounding communities, such as Tea and Brandon.

*"They get mostly everywhere, except for the outskirts of town. I sure wish they'd do a bus to Tea."*

Stakeholders agreed that transportation is a significant barrier. Several mentioned the difficulty clients face in finding reliable transportation from home to all of the services available to support them on the path to self-sufficiency.

*"We work on budgeting and how to be self-sufficient. The other day this mom was saying—she's out in Tea. She got a really nice apartment. It's a beautiful apartment and [she was] so grateful, [but] she has to get into Sioux Falls without transportation to see her probation officer, her therapist, counselors, the social worker, you know, everyone like that."*



Stakeholders also pointed out that transportation is a key piece in connecting people with jobs.

*“You work out there at the Events Center or the Convention Center, and the bus doesn’t run [to your apartment], so you hire a taxi. And by the time you get a taxi out there and a taxi back, you could just as well have stayed home because you’ve got pocket change.”*

For some clients, accessing jobs means finding transportation from affordable housing on the outskirts of the city back into Sioux Falls for work. For others, that means finding transportation from housing in the city to distant jobs—for example, in processing plants in Minnesota. In any case, stakeholders reported, when clients find affordable housing without transportation to work and services, the path to self-sufficiency is blocked.

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*“If they can’t get to basic services, it’s just impossible for them to ever get ahead.”*

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*“If they can’t get a job, they’ll never grow out of affordable housing subsidy to be able to build assets. If they can’t get to basic services—health, county, whatever—it’s just impossible for them to ever get ahead.”*

Stakeholders acknowledged that transportation requirements may work against the desire to disperse subsidized housing and create mixed income neighborhoods.

*“I think in a perfect world, what we really want is mixed income. I mean, we don’t want all the poor people in one spot. We don’t want all the wealthier people in another. But that gets back to the transportation issue, because if we want to put them in places where there are greater income levels so that they can see there’s more to life than drug deals and the police there 24 hours a day, you’re going to have to compensate for that. Until we figure out how to map the entire community out in a better way, make transportation more accessible, you’ll continuously have this problem.”*

#### 6.4.3 Application process

The application process was one of the most frequently cited barriers to finding affordable housing. Clients said the application process is difficult to navigate: applications are long and require extensive documentation for every member of the household, a requirement clients found difficult to navigate.

*“Not a lot of people know the process and what they have to do and the forms that they have to have, and not just for themselves, but for everyone in the household.”*

On top of that, application fees add up quickly as families apply for apartment after apartment. Some clients reported applying for as many as 30 apartments before finding a place to live.

*“It makes you not even want to go back out and look because it’s like oh my god, I just spent \$120 on application fees and you get nowhere! It’s like you don’t have enough money for that, either! And then, they’re like oh did you have any money saved up? And it’s like, no! Because I’ve been spending it all on application fees! It really puts you in a tough spot.”*

A few clients said they had tried to avoid filling out unnecessary applications by telling landlords about felony convictions or unemployment even before applying. But, they reported, landlords still encouraged them to fill out applications and pay the application fee, only to turn around and reject them because of a criminal background or lack of employment.

Beyond application fees, security deposits also were a barrier for many families. However, several clients reported they were aware of services available to help pay security deposits.

*“There’s County, there’s Interlakes, and Salvation Army. Those 3 are helping me right now. They said just find a place and one company--Salvation Army will help with my rent or my deposit and the other will take up the other bill. That way I can save up a month’s worth of income so I never fall behind.”*

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*“It makes you not even want to go back out and look.”*

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Stakeholders confirmed that these application problems are widespread among the clients they see. Some stakeholders who work directly with clients said they try to steer families toward properties where they are likely

to meet qualifications so that families waste less time and money on applications. However, they explained, that process would be much easier if properties published their criteria for crime-free, credit score cut-offs, income thresholds, and the like so prospective tenants could better target their applications.

Stakeholders also mentioned project-based housing waiting lists, each of which is kept separately by the project-based housing development. Tenants must apply separately to each one. Several stakeholders suggested creating a unified application or single waiting list for project-based housing. A couple stakeholders even suggested integrating the application process for multiple types of affordable housing, including affordable market rentals, to create a single application process for clients.

*“Applications are ridiculous! They’re long and tedious and require all sorts of personal documentation. And waiting lists are long. A centralized waiting list and application—along with unified or definitive criteria—is desperately needed!”*

#### 6.4.4 Market pressure

In explaining why it is difficult to find affordable market housing, stakeholders frequently came back to market pressure created by the influx of newcomers to Sioux Falls.

*“My impression visually in this town right now is that we do not have people that have been residents here. You know, it used to be oh this person’s been here 15, 20 years, everybody knows their name. There are new people in this town. People are coming as a magnet to Sioux Falls because there are services and because they hope to get a job.”*

Stakeholders and clients alike observed that, when it comes to affordable housing, Sioux Falls has more resources than other parts of the state. Their

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*“People are coming as a magnet to Sioux Falls.”*

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observations made clear that Sioux Falls housing policy must acknowledge the state context. Some stakeholders talked Sioux Falls's resources as a benefit, while others noted that, because Sioux Falls has more resources available, the city also has an influx of people from other parts of the state who have exhausted local resources and come to Sioux Falls seeking housing. Several clients reported that they had moved to Sioux Falls recently because they were unable to find support in their hometowns.

*"The thing about Sioux Falls, you have a lot of resources. In Rapid City, we don't have any."*

Stakeholders acknowledged that the steady flow of newcomers speaks well for the city, but also pointed out that it creates challenges for housing.

*"We have people come through our office all the time who come to Sioux Falls just because the word is out there about it's a good community, it's got low unemployment, so they come here looking for jobs or they've got friends or family that are here that tell them what a good place it is--and because where they're coming from, things are not good, so they're coming to Sioux Falls. And that's not bad, and we've been having that for a number of years. I mean, we're out there as one of the top cities for this report, that report, this report [laughter] and the word gets out there and people come here."*

Several clients shared a similar sentiment.

*"Well, it would help if Sioux Falls would quit getting into all these magazines how it's the best place in the United States to live, too, because that brings more and more people in, and then the rents go up!"*

Several stakeholders suggested that additional rental market pressure comes from young families who, unable to afford to purchase a home, remain in the rental market.

*"If you want to buy a starter home in Sioux Falls today--a starter--that's \$175,000, and that's a 950 square foot house, slab on grade, no basement, and a garage. \$175,000. Well, what you've done, effectively, is you have raised the bar pricewise so that if you're a young couple or in starter homes, they really have to struggle because they've got other financial burdens. So apartments become real popular."*

Rising college costs and student debt also make it difficult for recent graduates to get a mortgage.

A few stakeholders noted that a tight rental market could also induce some property managers not to renew tax credit properties or project-based housing when its affordability contract expires, choosing instead to convert it to more profitable market housing. This could reduce the overall supply of affordable housing.

As one stakeholder pointed out, a tight rental market also allows landlords to be pickier about tenants. In addition to making housing more expensive, market pressure can make it more difficult for certain renters (e.g., those with bad credit or a criminal background) to obtain housing.

#### 6.4.5 Construction costs and government regulations

Several stakeholders cited construction costs and government regulations as significant barriers to constructing or rehabilitating affordable housing units.

Stakeholders discussed the cost of labor and materials for construction, as well as property prices, explaining that all of these factors raise the cost of constructing new units. Although Sioux Falls has a larger pool of contractors than nearby communities, prices tend to be higher here, according to stakeholders who compared bids received for projects in Sioux Falls to those received for projects in other communities nearby. Stakeholders reported that taxes and city planning fees also limit development and affordability. In order to construct affordable housing, developers must rely on tax credits and subsidies, but these come with restrictions.

*"If you're building a new project, it's not feasible. You cannot make it cash flow with the current building costs and real estate taxes and make it in that affordable range--market workforce--it's just not doable. So then you have to go to the government programs and then that brings you all into that different requirements that are required. And your small, independent rental owners don't want to mess with that. So the larger ones do it and do a good job at it, but it's the small guys that would love to build those affordable-type projects that they just can't cash flow."*

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*"Your small, independent rental owners don't want to mess with that."*

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Although they recognized that requirements such as remedying lead paint are important to health and safety, they explained that they also raise costs as well as raising the bar for entering the

affordable housing development sector. For example, the burdensome process of applying for tax credits means that only a few developers who specialize in affordable housing have the capability to complete the application process. They are able to train apartment managers to qualify families under highly technical programs, even for properties with layered funding from various sources, each with their own reporting requirements. According to stakeholders, although some smaller companies may contract with larger affordable housing specialists, hiring out property management for affordable housing properties, for most small companies, start-ups, and non-profits, the application and reporting process is unrealistic.

*"And they have these people, and all they do is number crunch. A non-profit doesn't have the ability to run a low-income housing kind of a thing and do that kind of number crunching. It takes the tax credit people who know stuff days and days and days to fill out all the different forms."*

Stakeholders said that local funding from the city is easier to work with because it comes with fewer restrictions and requirements than federal money. However, funding from the city is generally insufficient to fund new affordable housing projects, so developers find it necessary to pull in federal funding as well.

Stakeholders also reported that the profit motive leads most private developers to focus on market housing, especially in the construction of single-family homes. They suggested this is the reason that non-profit organizations such as Affordable Housing Solutions and the South Eastern Council of Governments are key developers of single-family affordable housing.

#### 6.4.6 Rejection and discouragement

Many clients spoke about the difficulty of overcoming repeated rejections in their search for housing. Many said they became discouraged and felt like giving up. One client described the discouragement that comes from not being able to locate available resources or navigate the system.

*“How do they figure it out? It's sad. Some of them don't. That's why you see the shelters overflowing, because they don't know who to ask. You have pamphlets and brochures and stuff about places where you can go, but some of them are too scared. They don't want to, you know. And then to actually go into somewhere where they help, and then to get denied and say well you're going to be on the waiting list, that just breaks their spirit even more. There's just people that are out there that don't know where to go, don't know where to turn to, and don't know who to ask because they're tired of being told no.”*

Stakeholders also brought up rejection and discouragement, pointing out that strict program rules or eligibility criteria leave some clients with few available options. A few stakeholders also said that strict program rules may increase stress levels for people in poverty who are already struggling; high stress levels may discourage people further. They warned that stringent program requirements can sometimes work against the goal of moving people toward self-sufficiency.

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*“People don't know where to go, don't know where to turn, and don't know who to ask because they're tired of being told no.”*

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*“There are so many rules in place for programs that the second you don't comply, we're done with you. We're going to have someone else on the wait list who can move in. We're not addressing the root causes.”*

For example, many stakeholders again mentioned crime-free housing as a good program, but one whose very stringent requirements limit the available supply of affordable housing for many people who are ineligible because of a criminal background.

Several stakeholders mentioned clients' motivation and the ways in which program guidelines sometimes do little to build motivation. These stakeholders wanted to see more programs that guide clients toward self-sufficiency rather than guaranteeing support in perpetuity. However, they cautioned that programs must find a way to balance guiding clients toward self-sufficiency with providing a stable safety net as long as clients need it.

*“We need to move to the thinking that clients will leave us before we leave them: stop kicking clients and families off of programs and out of housing when they fail to do something, work with the families, not against them. Getting a family housed and onto a voucher for a few months and then kicking them off the program—without any way to pay the rent and further damaging their credit and rental history—is working against all of us.”*

As one stakeholder explained, program success depends on finding a way to incentivize and motivate clients to become self-sufficient. Program rules and the disciplinary role played by case managers may work against motivation, instead discouraging program participants who feel like failures. One

stakeholder suggested that providing mentors could help build trust, motivation, and encouragement as a counterpoint to discipline imposed by program requirements.

#### 6.4.7 Vulnerable groups and complicating factors

##### 6.4.7.1 Credit and employment history

Both clients and stakeholders said that credit checks and employment history often pose problems when searching for affordable housing. Clients reported being denied apartments or having to pay down debts they did not know about in order to sign a lease. Several clients said that simply coming up with the 3 to 6 months of bank records that applications required was difficult, especially for those who do not have a bank account. Clients reported that they were also frequently asked to pay for background checks with each application, which made searching for housing expensive.

##### 6.4.7.2 Rental history

Clients saw lack of rental history or a history of eviction as a significant barrier to finding housing. Several clients said they had no rental history because they had never had leases in their own names, and now that they were out on their own looking for an apartment, that had become a problem.

*“My family always lived together. Everything was always in grandma's name. But after grandma died, we were all left to fend for ourselves. And they told me having no rental history is just as bad as having bad credit.”*

For clients who did find housing, the threat of eviction loomed large. Clients said they were wary of reporting any problems with the apartment or landlord because they feared eviction. Stakeholders said these fears are common among the clients they work with and may keep clients in substandard or unsafe housing.

Stakeholders also pointed out that eviction, the instability of homelessness, and unemployment can become a vicious circle:

*“You get to be the assistant manager of a fast food place, you don't make enough money to sustain you in your apartment that you just got, and then you get evicted. And you get evicted, and then you've got this big, black mark. So it all rolls in a ball together.”*

##### 6.4.7.3 Mental health and substance abuse

Although very few clients mentioned mental health or substance abuse as barriers to housing, several stakeholders did. Stakeholders who worked in case management explained that unaddressed addiction or mental health needs were common among clients. They reported that there are not enough resources in the community to address these needs. Stakeholders explained that the current best practice in housing is to provide housing first, before trying to resolve mental health or substance abuse problems. According to stakeholders, the housing first model contrasts with existing policies at many shelters and subsidized housing facilities, where addiction or mental health problems may make an applicant ineligible for housing or lead to eviction. Safe Home and Bishop Dudley were both cited as examples of the housing first model, which works to get clients into housing, meeting that basic need before trying to address addiction or mental health. However, both have limited capacity, especially for families with children.

#### 6.4.7.4 Incarceration

Both clients and stakeholders identified felony convictions and criminal background in general as a significant barrier to finding affordable housing. Finding housing is especially difficult for those with a criminal background.

*“That [criminal background] kind of dwindles down your choice for any assistance, too. I’m interested in the income-based housing, and I don’t have too much information about it. I don’t know where to get it besides Google it, Google the information about if they help felons. I have a felony on my background, and I don’t even know if I still apply for the housing waiting list, or if the income-based will help me.”*

Clients reported that strict background check requirements generally kept anyone with a felony on their record out of subsidized housing or larger properties managed by companies. Several clients said they had been assured by landlords that they could move in despite having a felony conviction, only to be rejected after filling out an application and paying an application fee. Instead, most people with a felony record resorted to the felon-friendly housing list, which they obtained at shelters or various service agencies. However, clients explained, felon-friendly housing was generally lower quality or in less desirable neighborhoods than subsidized housing.

*“It’s hard because I’m a felon, so I have to stay in the felony friendly. I found one just earlier today for \$575 for a 2-bedroom around Summit, but the area has kind of got me worried, you know? But right now I’m just trying to get my foot in the door. I went through probably about 30 landlords and I got a lot of Nos, we don’t have no vacancy, stuff like that, and it really got to me. I didn’t want to go out and look again. My mother was a felon, and she had a hard time with places, too. She just got whatever she could find, whoever accepted her.”*

Stakeholders anticipated that the need for felon-friendly housing will grow dramatically over the next several years.

*“But that is a growing problem in the community with the push to keep less people incarcerated, because even the push in the drug courts is we’re trying to not even get them in prison to begin with. They un-incarcerate them, but they don’t have any housing, and if you don’t have stable housing, you’re more likely to get yourself into trouble again, so that’s a growing problem we’re having that’s not being addressed.”*

Although they recognized that crime-free housing policies create a significant barrier, clients sympathized

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*“If you don’t have stable housing, you’re more likely to get yourself into trouble again.”*

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with landlords who want to keep properties safe. Stakeholders also acknowledge the legitimate landlord and community interest in maintaining crime-free housing:

*“Everything on the east side is in crime-free buildings because that’s good for the landlords, it’s good for the children, it’s good for the families. All these things. But then that pushes everybody over around the old Axtell, where there are small houses and you can put a couple generations in these little tiny houses. And crime free housing is really strict. But I*

*mean, I want to protect the children, and crime free housing protects young children from being with people that might not be good to be around the kids.”*

In general, stakeholders recognized the need for more flexible options for housing people with felony records.

#### 6.4.7.5 Discrimination

Some clients mentioned discrimination against Native Americans as a barrier to finding housing.

*“I’ve had it thrown in my face: every time I rent to you Native Americans, you guys damage my property!”*

Another client explained that larger family size among some minority groups presents a barrier to housing. As he put it, Native American culture values compassion, so families tend to take in relatives until apartments become overcrowded, leading to eviction.

A few stakeholders identified Native Americans as a population that requires extra attention, both because they make up a large proportion of the homeless population and those living in poverty and because many are young parents:

*“I think there needs to be some real attention given to Native American families and singles. The homeless and those living in poverty are largely from the Native American population. There is an influx of young parents from the reservations fleeing for a better life for themselves and their children. I feel their needs are greater and can be more challenging for providers. Culturally relevant help is lacking.”*

They highlighted the need to engage tribes, to consider fair housing and housing discrimination, and to offer culturally relevant services.

Clients also reported that some landlords have a prejudice against low-income families and are unwilling to accept housing vouchers or rent to poorer families as a result.

Although stakeholders recognized that they make up only a small proportion of all newcomers to Sioux Falls, some also suggested that recent immigrants and refugees may face discrimination or language or cultural barriers to finding and maintaining housing. Stakeholders reported that property damage and resulting landlord disputes result from cultural misunderstandings that could be better addressed through tenant education. Immigrant and refugee groups may require more intensive support after initial adjustment services from sponsoring agencies end.

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*“Culturally relevant help is lacking.”*

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When facing discrimination, clients were generally unaware of their legal rights or resources available to them. One client

said that she happened to find help from the Better Business Bureau, only because she had a job cleaning the office and an employee overheard her story of discrimination. Otherwise, clients were generally unfamiliar with fair housing resources.



#### 6.4.7.6 Isolation

For many clients, a lack of social support was both cause and consequence of inadequate housing. Several clients said that they could not rely on friends or family for a place to stay.

*“The Mission, they have strict rules. We were like 2 minutes late for chapel, and we couldn't stay there for the night. 211 led us to the right people that got us a motel room for a week, so they were really helpful. With 2 teenage boys, I was stressing! Payday was a week away, I had 2 teenage boys, I didn't know where I was going to go. I'm just to that point in my life I don't turn to my family anymore.”*

Clients were eager to build up their social networks. They said that they would be interested in more opportunities for socializing and meeting new people, whether in workshops, support groups, or informal social gatherings.

### 6.5 PERSPECTIVES ON CHILDREN AND HOUSING

Key points:

- Stakeholders agreed that families with children should be a priority focus when formulating affordable housing policy.
- For children, stable housing is a necessary foundation for success at school, a precondition for upward mobility to break out of generational poverty.
- Families must balance childcare and housing expenses with employment demands.
- In general, families prioritize neighborhood quality: they want to live in a safe neighborhood where their children will be surrounded by positive role models.
- Larger families have trouble finding apartments with enough bedrooms, and many families worry about noise transfer in apartments in complaints from neighbors.
- For some families, housing is entangled with custody.

#### 6.5.1 Priority focus

Several stakeholders suggested prioritizing children or families with children on affordable housing waiting lists. They saw affordable housing as a key point of intervention to break the cycle of poverty by helping to ensure children grow up with the stability of a place to call home. They also explained that stable housing is essential for students to be ready to learn and succeed in school, which they also saw as a key component in ending generational poverty. According to stakeholders, students without affordable housing are more likely to move during the school year, resulting in learning loss.

*“No consistency, no consistent place to live, no consistency in school. You get behind in school, behavior concerns, mental health concerns, addiction problems, pregnancy. Or on the other side, the state raises your kid. These 18-year-olds up, who age out of foster care, out of the system, they have nothing. They have no credit, or their credit is shot because mom and dad signed up for things in their name. They have no rental history, they have no employment history, and so they end up where? In jail or shelters or hotels or wherever else.”*

### 6.5.2 Education

Several stakeholders commented on the problems faced by children in school without affordable housing, especially homeless students.

*“When you think of that number of [homeless] kids--so that's 964 kids--at some point had a complete and total lack of stability in their lives. They may have ended up at Bishop Dudley, may not have. May have spent the summer in the car, whatever. The impact on them we know. The research is out there. Poverty and how it impacts kids' brain development, how it impacts their social skills, their survival skills. Stability is the most important thing for kids growing up, and if they don't have that, they're going to find it somewhere. And for teenagers it's going to be some abusive boyfriend who pretends to*

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*“Stability is the most important thing for kids.”*

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*love them. For other kids it's drugs because, you know, whatever, no one cares anyways.”*

Several stakeholders described the complexity of working with families facing housing crises on top of other problems, such as food insecurity or behavior problems. They acknowledge the problem this poses for educators and students.

*“They don't have stability in the home, they don't have good food, they have no learning resources at home, so they come to school totally behind and fall farther behind the rest of their class. As a teacher, there's not much she can do about it other than try to cope.”*

Several stakeholders pointed out the connection between housing and food security: families struggling to pay rent may not be able to afford enough healthy food, and families that can only find affordable housing in inaccessible areas may not have the time or inclination to travel to a grocery store.

Stakeholders in general agreed that there are too few programs in the Sioux Falls area specifically devoted to helping homeless youth. They thought that schools could be an important point of entry for reaching children in need of affordable housing, but they also recognized that schools alone do not have the resources to fully address the problem.

*“But they [the schools] don't have a whole lot of funding. They're pretty good at referring. The school district has 9 school social workers for the whole district, so when you figure 23,000 students or even 964 homeless students and 9 people, not to mention the other kids who are not homeless or are on the verge of homelessness. And they're an education agency just like the housing authority is a housing agency. The school district is for education. While they do what they can while they're there--I mean they're the number one contact spot for our kids, but odds are that kids who are homeless aren't going to school.”*

### 6.5.3 Employment and childcare

Families with children face a unique set of barriers to finding housing. In particular, many clients reported struggling to balance the costs of housing and childcare and having trouble finding affordable apartments with enough bedrooms.

*"I have a little boy and a little girl, 7 and 9, and right now they share a room, but they're going to be at that point where they're going to need to get their own. But I'm barely paying the \$530 a month for myself and utilities with my kids. That's not going to happen. I'm not going to find a 3-bedroom. I'm like oh my lord, where's that going to come from? Any kind of assistance I get from my son's dad goes on the daycare expenses. With my income we don't even qualify for food stamps. I have to pay health insurance where I work. We don't get anything else. It's just like, oh my gosh, one of these days I'm going to have to move into a different apartment, and right now I'm just not making it."*

Many clients reported that they struggled to balance employment and parenting. Few could afford childcare, so they found themselves choosing between going to work or supervising their children. In many cases, the costs of childcare made it infeasible for clients to work; they could not afford it.

*"I've worked at McDonald's for a while and they pay \$10 an hour. I thought it was good money just for working at McDonald's. But the hours were long because they didn't have enough workers, and they always called me in for work, and I felt like I was living at work more than I was living at home. I couldn't keep up with my little brothers and my son."*

Stakeholders recognized the childcare/work dilemma and reported it as common among the clients they worked with. Stakeholders also pointed out that parents without reliable transportation often struggle even more to find childcare near their home or work.

*"You've got all of these things happening at once. You have single parents. What do you do about childcare? What do you do about transportation? If you're not close to everything—your school, your daycare—the transportation issue is another one of these."*

The problems are more severe for parents who work multiple jobs or early or late shifts. One stakeholder reported that early morning childcare is also a special need for families in shelters, since parents cannot leave children unattended at the shelter but may need to leave early to go to work.

#### 6.5.4 Neighborhood quality

When clients reflected on affordable housing and children, they said one of their primary concerns was with neighborhood quality and its effects on children. They worried especially about neighborhoods with concentrated poverty—the same neighborhoods where they said affordable housing was mostly like to be found.

*"We lived in a poor neighborhood. And my children, their behavior has already improved since we've moved out, just because the neighborhood. They don't have those influences that they had over there. I really feel like you get help and you accept it and you take it, and then the children suffer because of the neighborhood and different kids running around and things they do."*

#### 6.5.5 Apartment size

Stakeholders also mentioned apartment size as a barrier for larger families, who have trouble finding affordable units with enough bedrooms.

*“And then large families go the other way. You have people who have 10, 15 people in their household. They aren’t getting housed anywhere, either. Even 8. They take up 2 hotel rooms, no one wants to rent to them, it doesn’t even matter if they have stellar credit, it’s just too big.”*

Clients also reflected on the type of housing that would be best for children. They agreed that noise and privacy were often concerns, especially in apartments or older homes. They said neighbors were often bothered by the noise children made.

#### 6.5.6 Custody

For several clients, the search for affordable housing was entwined with custody of children. For some, lack of affordable housing was one barrier in gaining custody.

*“I’m battling a custody battle for my daughter with her dad. It’s kind of not really a battle. I mean, he’s very well-established. His family owns property and they rent property to their family members. So he has his house and he rents it from his aunt and she takes care of him. But going through court and then telling them that I’m still struggling trying to find housing makes it a big deal because then the courts think that you’re not adequate enough to take care of your child just because you don’t have housing. It kind of hurts and breaks my heart, but I’ve gone through this like twice now. And it’s all about having the affordable housing, or if you have housing in certain neighborhoods.”*

Other clients said that, because they did not legally have custody of children or grandchildren living with them, they could not find childcare or receive assistance based on family size, so they struggled even more to work and afford housing.

## 6.6 PARTICIPANTS’ PROPOSED SOLUTIONS

*Key points:*

- *Stakeholders agreed that solving the affordable housing puzzle will require data-driven collaboration among providers.*
- *To decrease demand for affordable housing units, individuals and families in affordable housing need more case management and accountability to transition toward self-sufficiency.*
- *Providers could increase access to affordable housing by creating a streamlined housing search and application process.*
- *Creating more affordable housing will require innovative local funding sources (e.g., tax and regulatory reform, a local housing trust fund, employer investment, or faith-based and volunteer commitments).*

### 6.6.1 Collaboration

There was widespread agreement among stakeholders that addressing affordable housing will require better collaboration and coordination of effort. In the current system, the lack of shared knowledge impedes effective planning. Stakeholders feel as though they are operating in the dark, without a sense of what others are doing.

*"We're wanting to get involved in a range of housing with a lot of different partners, but we don't really know what's going on out there. I recently drove into a new housing development up in the northeast. It's huge! But we have no idea what's going on up there and whether that's going to be a subsidized setting, mixed, or whatever. I don't think anybody really sees the whole picture."*

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*"What we need is a broad-based community effort."*

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Lack of coordination gives rise to inefficiencies and duplication of effort. Service providers, for example, spend inordinate amounts of time trying to

connect families to housing using a system that is opaque to clients and providers alike. Stakeholders who work directly with clients lamented the fact that they spend so much time trying to secure housing for clients that they have little time left over to address other needs.

Stakeholders agreed that lack of collaboration and coordination threatens the quality of services:

*"With that number of agencies, all well intended, you can't help but have something falling through the cracks. The coordination of pulling it together is going to be a big part of what's needed here."*

As one stakeholder reflected, better coordination or dedicated housing specialists could free up service providers' time to focus on other needs:

*"We spend all this time in this community with all these different agencies--every social worker everywhere is trying to look for housing. Why not have 6 people or however many that do that full-time, professionally, under this umbrella and nobody else instead of you spending all your time not getting the direct services to the children and the families."*

Stakeholders expressed support for community-wide collaboration on affordable housing. One participant likened such an effort to Forward Sioux Falls's economic development campaign, emphasizing the impact that comes from focusing community effort:

*"What we need is a broad-based community effort, like [the effort] to bring 15,000 new jobs. I'd like to see us take and eradicate kids having to live in a car and go to school because I can't imagine anybody having to do that in our community."*

Stakeholders voiced a need for an umbrella organization to facilitate collaboration. By increasing collaboration and coordination, an umbrella organization could encourage specialization and reduce duplication of effort:

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*"We can't continue forward at this pace and think that we're going to get any different solutions unless we change the actual structure of affordable housing in the community."*

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*"There may be too many people who want to be everything to everyone. Maybe there is a better way for us to coordinate those efforts. There's a lot of redundancy and overhead that exists because they try to be everything to everybody. We could standardize some of*

*those things and get people focused, [then] hand the baton off to somebody else. We can't continue forward at this pace and think that we're going to get to any different solution unless we change the actual structure of affordable housing in the community."*

For example, one stakeholder explained, organizations might specialize in land acquisition, then partner with others who specialize in building or property management, then with yet others who specialize in service delivery.

Promisingly, several current initiatives, such as the Sioux Empire Network of Care, are moving in the direction of further collaboration. The Helpline Center, which is coordinating the Network of Care initiative, is well positioned to become a central point of entry for housing information. Stakeholders and clients were both generally familiar with the Helpline Center and said it was an excellent resource for finding information. However, stakeholders pointed out that any collaboration will require additional leadership and coordination, effectively restructuring the affordable housing sector:

*"Everyone needs to talk to each other, everyone needs to step back a second and stop saying, my agency already does that. Your agency does that, but could it do this, or could you work closer with another agency that already does that? How do we coordinate the services better then? It is more than just the 211, it's more than the Network [of Care]. There has to be an overall umbrella: from a community-wide standpoint, everyone needs to know what everyone else is doing."*

Stakeholders agreed that collaboration should be data-driven, but they said that in order for that to happen, the community will need to develop better data resources. An overwhelming majority of stakeholders called for more comprehensive data that would give an overview of the affordable housing situation in Sioux Falls. Stakeholders pointed out that data could reduce duplication of effort and unnecessary competition over limited money available for affordable housing, helping to ensure that new construction is driven by actual knowledge of housing needs.

Stakeholders pointed out several potential sources for additional collaborative data, including provider data from the Network of Care, a landlord survey, and developer data. They were optimistic about the potential for the Network of Care database to augment collaborative data gathering. One stakeholder suggested a survey of landlords and property managers asking whether they would be willing to take on problem tenants (homeless, history of drug abuse, criminal background). The survey would allow stakeholders to track progress in changing landlords' willingness to accept these tenants and could also be used to keep a count of the number of units available to felons, drug users, etc. Developer data could be a rich source of information if they would be willing to share. Developers conduct market studies for every project, which include (at least in Costello's case) a survey of managers about market demand at different income levels and unit sizes (based on applications received). Large property management companies like Costello also compile regular vacancy reports internally. One stakeholder also suggested surveying developers to ask how much money they would need (e.g., from a city housing trust to offset the costs of allocating more units to extremely low income households (less than 30% MFI).

## 6.6.2 Self-sufficiency

### 6.6.2.1 Targeted services to decrease demand

Stakeholders urged any emerging collaboration to encourage self-sufficiency so that subsidized housing becomes a temporary hand up, not a permanent hand out. They explained that, by encouraging self-sufficiency, programs could decrease demand for subsidized housing:

*“Folks that can survive, we need to move them up so that others can then take advantage of these programs. But the funding, that's exactly it. We need funding and case management.”*

Both stakeholders and clients suggested prioritizing certain households on the Housing Choice Voucher waiting list, either based on need (prioritizing emergency rehousing for the homeless) or family composition (prioritizing households with children). Stakeholders explained that the Housing Choice Voucher waiting list—considered by some as a measure of affordable housing demand—is so long in part because, once a household receives a voucher, they can keep it for a lifetime. There is little incentive to get off a voucher, which means vouchers do not cycle back into the pool for others to use. The number of available vouchers is limited by funding from Congress and by the baseline number of units set federally—although current funding levels are not sufficient even to reach the baseline cap.

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*“We need to move them up so others can take advantage of these programs.”*

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A few stakeholders also suggested targeting case management by differentiating between types of tenants (e.g., long-term and potential short-term tenants, those most likely to benefit from case management, those likely to need

intensive case management for an extended period of time, etc.). They suggests programs target people who can most easily become independent. In this vein, the county, for example, has developed a barrier/asset matrix for use with the Synergy program.<sup>78</sup>

At least one client echoed the sentiment that prioritizing needs could help ensure those most in need of assistance receive help sooner—especially families with children facing imminent homelessness or unsafe living conditions. Although stakeholders recognize the ongoing need for public assistance as a social safety net, they want to ensure those who receive it are truly getting a hand up to lift themselves to better circumstances. According to stakeholders, building a ladder out of subsidized housing would help ensure open spots are available for those who need it most.

### 6.6.2.2 Education and training

Several stakeholders suggested partnering with employers to help fund education and training initiatives. They suggested partnerships among employers and higher education institutions, including scholarships for current employees, on-the-job training, and trade union apprenticeships. For example, a hospital might be encouraged to support cafeteria workers who went through the CNA certificate program at STI,

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<sup>78</sup> Synergy is a community partnership that provides intensive case management to homeless families with multi-dimensional needs. Case managers from different organizations meet regularly to evaluate program applicants and assign families to the organization best matched to their needs.

with the understanding that those individuals could help meet the hospital's demand for CNAs or, after additional training, RNs.

*"We've got a workforce need here. Can we support some of the workforce development? We don't want people to live in affordable housing for the rest of their lives, so is it worth us saying hey, there's a 2-month certificate program at Southeast that we'll pay for you to go do it? If you can marry some of those opportunities up, teach somebody a skill so they can get that increased wage--can we leverage some of our workforce development dollars to do those things?"*

Stakeholders recognized that education and training may help individuals, but will not solve the problem of low wage jobs (someone must still serve the food and mop the floors). However, they hoped that more opportunities for self-improvement would help ensure that upward mobility is a reality and that low-wage work and housing assistance are a revolving door, not a lifestyle or a life sentence.

### 6.6.2.3 Case management

Stakeholders insisted residents need more case management in order to move toward self-sufficiency.

*"There doesn't seem to be a process where people can actually move up and get out of this condition. We seem to still be stuck in just meeting day-to-day basic living conditions. But how do we transition them so that a working mother or a working family can somehow bootstrap themselves into self-sufficiency? I think counseling and case management is a big factor that is missing."*

Most participants agreed that, while building additional units might provide immediate shelter, it would not move families toward self-sufficiency or solve underlying needs. They focused on case management as the solution to breaking the cycle of poverty.

*"Affordable housing is not just building housing and having it available at a reasonable price. It's turning this cycle of generational poverty around. You teach people life skills. It's not just houses. It's also teaching people what they didn't learn at home when they were youngsters."*

A few stakeholders made reference to Heartland House's savings program, which sets aside a portion of participants' rent each month into a savings fund they receive once successfully completing the program. Others cited the Sioux Falls Ministry's proposed Hezekiah House, a faith-based housing initiative that would provide mentorship for low income working families to build savings and work toward homeownership. Hezekiah House, like Heartland House, would set aside a portion of tenants' rent to be returned at program completion; the program would also match deposits to a savings account to be used as a future down payment. They wondered whether similar programs could be implemented more widely to encourage residents of affordable housing to save.

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*"Affordable housing is not just building housing. It's turning this cycle of generational poverty around."*

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In general, among stakeholders, there was overwhelming support for additional case management, though stakeholders acknowledged the difficulty of funding additional case managers. Some suggested that designating a few housing specialists could save case managers time and increase efficiency to better serve more clients.

Many echoed the sentiment that collaboration and coordination would be critical to providing additional case management. Several pointed to the Bright Futures program as an example of the type of cooperation that could bring more case management services to families. Others referenced integrated supportive housing programs in other communities, such as the Dorothy Day Center in Hennepin County and Salt Lake City's Grace Mary Manor and Sunrise Metro. These facilities bring together shelters, pay-to-stay, and affordable housing along with case management and medical services on site. According to stakeholders, these projects were made possible by volunteers, donations, and board-based community support and collaboration.

#### 6.6.2.4 Accountability

Stakeholders noted the need for accountability data in order to assess the effectiveness of current and future efforts:

*"Agencies can show you outputs. They can show you how many people they served. Very few of them can show you the total impact or the lifelong impact that that program's had, and that is the problem."*

Some stakeholders also suggested that accountability data could be used to identify high-performing agencies or programs in order to model them, or to make the most of comparative advantages among agencies in order to increase efficiency and reduce redundancy.

In general, stakeholders emphasized the need to identify and track program outcomes in order to measure effectiveness. Stakeholders were most interested in seeing long-term outcomes for those who successfully complete programs (e.g., Bright Futures) as well as for those who fail out, plus data on the length of time people spend on vouchers or other programs. This data, they insisted, is a necessary corollary to any effort to focus on self-sufficiency or moving people off of vouchers.

*"The piece that's missing is—are those people able to transition into a better condition of life? Are you serving the same family this year that you're serving 5 years later?"*

Stakeholders expressed hope that data gathered as part of the Network of Care could be used to begin tracking outcomes both at the program level and system-wide.

### 6.6.3 Access

#### 6.6.3.1 Search and application

Stakeholders and clients agreed it would be beneficial both to provide more resources, but also to make it easier for people to find and connect with the resources that already exist. They agreed on the need for an information clearinghouse or housing database. One stakeholder described his vision for a central housing clearinghouse: a web-based database for housing seekers that could match searchers with available affordable housing from private landlords, project-based housing, tax credit properties, and more based on the searcher's income or other qualifying conditions. It would present other options for

rental assistance or to help searchers move toward self-sufficiency (e.g., education and employment options). Other stakeholders echoed the need to provide families on the housing waiting list with alternative options while they wait. Clients, too, said that having a central clearinghouse with contact information for landlords would help with their housing searches.<sup>79</sup>

Importantly, though, providing information is not sufficient to guarantee access to housing information. Clients reported that information is already available. As examples, they cited the Sioux Falls Resource Guide and 211. However, they urged that it be made more available and—even more significantly—that clients be given guidance, not just paper. One client suggested a mandatory but very short course for anyone staying at a shelter that would provide information about who to see, where to go, or how to access housing information. Alternatively, he suggested, a software program or introductory video could be presented to all new residents at shelters to inspire them, combat discouragement, and help connect them with resources.

In general, stakeholders and clients agreed on the need for navigators or housing specialists to ensure clients could successfully navigate the system and use the information they found. One stakeholder gave the example of Hennepin County housing specialists as a model to emulate—individuals dedicated to helping clients and case managers locate suitable housing. Another stakeholder mentioned the Pettigrew Heights Housing Resource Center at the Bowden Youth Center as a local model that could be scaled up.

Stakeholders and clients pointed out key points at which it would be important to provide individuals and families with information and guidance, such as after families sign up for the Housing Choice Voucher waiting list but before they receive a voucher. They suggested additional outreach to those on the waiting list to match them with services or housing that is currently available. Stakeholders also suggested creating a better defined continuum of care to facilitate the transition from homelessness to transitional housing to income-based housing to market-rate housing, or to help connect those facing eviction with services that could help keep them housed. They said that doing so would require better collaboration among both housing and service providers, beyond simply making referrals.

Efforts to improve the housing search process could be augmented by creating a common application for subsidized or affordable housing. Stakeholders and clients alike said that creating a common application and central portal for applying for housing would significantly streamline the process. A common application could save prospective tenants—many of whom are currently homeless—from having to call or visit apartment after apartment in search of housing. Instead, they could submit one application and be put on all the waiting lists for project-based housing, then admitted to whichever came open first, or they could apply to all landlords willing to accept a renter with their profile and ability to pay.

Reducing the length of applications and number of application fees would also help. Stakeholders reported that, currently, the application for tax credit properties is over 50 pages long and includes a \$50 application fee. Although case managers try to save clients time by steering them toward properties where they are likely to meet the qualifications, they said it would be useful to publish different properties'

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<sup>79</sup> It should be noted that SDHousingSearch.com already exists and offers a searchable database much like the one envisioned by focus group participants. However, not a single participant mentioned this resource.

criteria for crime-free, credit score cut-offs, and the like so prospective tenants would only need to apply where they actually have a good chance of being accepted.

Several clients suggested offering more housing workshops or information fairs. They said housing workshops should be offered regularly, at least quarterly or even monthly, and advertised widely so that newcomers or those new to searching for affordable housing could learn about all of their options. Other clients suggested pairing housing workshops with applications for other social services, such as TANF or SNAP. However, clients emphasized that these workshops should be entirely voluntary. As examples, they cited the Stand Down at the Salvation Army and the Homeless Advisory Board's Project Connect, both resource fair – style special events that aim to connect clients to services.

For clients, housing workshops could provide not only information about housing but also a much sought-after opportunity for socialization and learning:

*“What other services does Sioux Falls need? A support system. There are places out there, but some of us don’t know where to go. There are a lot of single parents out there. Where’s their support system? Who do you contact? Because it ain’t in the resource guide!”*

One client told of the community she had found in an SRO (single room occupancy) building where she had lived in another city. The building had a staff person on site to arrange community events and carpools, encourage socialization, and connect residents with community resources.

While apartment buildings could be one venue for organizing social groups or housing workshops, neighborhood schools offer another potential site. Several stakeholders wondered about partnering with schools as community centers outside of school hours.

#### 6.6.3.2 Tenant education and advocacy

Clients and stakeholders agreed on the need for tenant education and advocacy and for landlord outreach and education, particularly regarding rights and responsibilities of landlords and tenants. Tenant and landlord education could also improve access for hard-to-house populations. Stakeholders knew of several programs in the community that already provide tenant education, including the Multicultural Center and the Sioux Empire Housing Partnership. They also recalled the city's Fair Housing Ombudsman as a key resource for mediating landlord and tenant disputes. Others referenced efforts to create an eviction court. However, they said, more could be done—especially in collaboration with property managers.

Stakeholders from the developer community said they are interested in educating tenants, especially tenants from different cultural backgrounds, to ensure tenants take good care of property. However, they said, they are not staffed to provide that education. One stakeholder suggested putting advocates on property who share a language with tenants—or at least creating demo videos in actual apartments showing common safety problems. Stakeholders suggested that this type of tenant education might make landlords more willing to rent to tenants they view as risky. In some cases, they suggested, property managers might even be willing to invest in tenant education as a cost-savings initiative to prevent damage to apartments and reduce repair and upkeep expenses.

Clients complained that landlords who had one bad experience with a previous low-income or Section 8 tenant often were unwilling to rent in the future. As a remedy, stakeholders and clients suggested

increasing education and outreach to property managers and landlords. For example, several suggested holding workshops or information sessions for landlords to get them involved in Section 8 and increase the number of landlords willing to accept vouchers. One client suggested that a way to encourage landlord participation in workshops would be by providing sample leases that comply with state and local law in order to make the path to participation easier.

Clients and stakeholders both talked about the need to increase access for certain groups, especially felons. One stakeholder suggested scaling up the Safe House model. Others suggested combining housing outreach and post-release supervision with case management or a group home like Heartland House for ex-offenders. Individuals in re-entry could be transitioned into housing with their families. One stakeholder suggested allowing Glory House to buy an adjacent empty lot from the city to develop into transitional housing for people with felony records—though, as another stakeholder pointed out, that expansion would only benefit single adults, not children living with a formerly incarcerated parent struggling to find housing. Clients also said that a list of felon friendly apartments should be made more widely available.

Many clients said they wished landlords or property management companies would take a chance or consider evidence that people with felony records have turned over a new leaf.

*“Obviously there’s a need. I think they’ve got to look at, they’ve cleaned up their act, they’ve cleaned everything up, and now they want to get back to life. It’s a big hindrance, I think. I really do. And they don’t have any places for them to sleep, to be!”*

Some stakeholders agreed:

*“No one wants to build housing for criminals, but don’t look at them as criminals then. Look at people who served their time, who are trying to reestablish themselves, who could be beneficial to any employer in this community. You do your time, then you shouldn’t be incarcerated for the rest of your life.”*

Stakeholders also pointed out that people with felonies may be excellent renters because they have so few alternatives that they are careful not to risk eviction.

Several stakeholders also acknowledged that the recent HUD fair housing ruling about criminal background screening could increase access to housing. Property managers can no longer have a blanket policy of rejecting applicants based on a criminal record. Instead, applicants must be reviewed on a case-by-case basis. However, as some stakeholders pointed out, the new ruling does not entirely prohibit property managers from taking criminal records into account; although the ruling could improve access to housing, its effects remain to be seen.

### **6.6.3.3 Transportation linkages**

Increasing access could also mean quite literally providing access to affordable housing on the outskirts of town or in surrounding communities. Both clients and stakeholders told of families who had found affordable housing in nearby communities but, without reliable transportation, could not access it. Clients suggested reforming public transportation to include Park-n-Ride, a grid-based bus system, new bus routes to nearby towns such as Tea or Brandon, or a light rail. Stakeholders from the development community pointed out that most building activity happens on the outskirts of town because that is where

land is available and affordable; from their perspective, it would make sense to extend transportation networks than to try to build more housing near the center of town.

One client and a few stakeholders also mentioned the special needs of people with disabilities, suggesting that Sioux Falls needs more units that are accessible for people with disabilities. Another specifically mentioned the challenge of housing disabled adults who have been living at home with aging parents who can no longer care for them.

#### **6.6.4 Innovative funding**

Stakeholders explained that the need for funding is an ongoing, structural problem. Because federal funding is set and, for all intents and purposes, unalterable—and because foundations prefer to fund one-time projects, not ongoing programs—local funding streams are critical.

Several stakeholders spoke of affordable housing as a public good, explaining that it benefits both employers and the community as a whole; therefore, they argued, it should be publicly funded. Others urged more support from businesses, especially major employers who rely on affordable housing to retain their workforce, and from the faith-based community, which might pursue affordable housing as a mission or ministry.

##### **6.6.4.1 Unit types and amenities**

As an alternative to increasing funding, clients suggested building cheaper housing and stakeholders suggested a focus on rehabilitation instead of new construction. Although stakeholders who weighed in on the question insisted affordable housing should be built to the same standards as market-rate housing, several clients reported they would be interested in smaller housing units. One client suggested that making more SROs available could provide housing for single adults, freeing apartments for families with children. Several clients agreed would prefer not to pay for room they did not need.

Stakeholders suggested an alternative approach to cost-saving: focusing on rehabilitation of existing housing stock rather than building. They suggested that rehabilitating affordable single-family homes in older neighborhoods would also be a way to house larger families in need of more bedrooms than can easily be found in existing rental housing. A couple stakeholders also mentioned the example of Rapid City's Tiny House program. The initiative, proposed by Rapid City's mayor, would create a village of tiny houses with communal facilities for transitional housing. A similar idea has been tried in other cities, such as Madison, Wisconsin.

##### **6.6.4.2 Taxes and regulations**

Stakeholders suggested that tax or regulatory reform could cut the cost of construction and make it feasible to build more affordable units. They emphasized the importance of setting up taxes that incentivize investing in property, not letting property deteriorate. One stakeholder cited the example of Fargo's Remodeling Property Tax Exemption, which exempts value added by remodeling for 5 years on buildings that are at least 25 years old.

Several stakeholders also pointed out that the state currently taxes multi-family housing as commercial property. They suggested creating a third category to bring the multi-family housing tax rate down closer to the owner-occupied rate—though, as they acknowledged, this would require a state-level policy change.

One stakeholder pointed out that government’s taxing and bond-issuing authority could be a key funding mechanism going forward. She cautioned that the community cannot rely on nonprofits to fund comprehensive affordable housing solutions:

*“There just is not enough money, and non-profits are different than the government. That’s why we need to get the government there. Non-profits, they raise their money \$5 and \$10 at a time, and it’s hard, and the money is drying up.”*

Some stakeholders gave the example of Legacy Developments in Sioux Falls, which used a state bond issue to help finance a new affordable housing development downtown. A few stakeholders suggested using a municipal bond to set up a housing trust fund, as described below.

Stakeholders suggested creating incentives for developers and property managers to set aside low-rent apartments—not subsidized apartments, not rental assistance, just apartments priced at a lower level. Such a policy, they maintained, would pull in private market and existing apartments rather than building additional units. They suggested, for example, offering exceptions to certain building codes in exchange for more affordable units, implementing property tax relief, or waiving certain fees.

#### 6.6.4.3 Trust fund

Revolving funds and trust funds are one way to help finance additional affordable housing efforts. As one stakeholder pointed out, a trust fund could facilitate one-time investments in equity to lower rent, which would likely be less expensive than providing ongoing subsidies to tenants who cannot afford available units. For example, a local trust fund could be used as gap financing to help cash flow affordable units for extremely low income families (e.g., families at less than 30% of area median family income, or AMI).

*“Thirty percent AMI is as low as we go for anything with tax credits, and that’s usually 2 to 5 units per complex. Can we go lower? Because we have so many people out there who can maybe pay \$200 a month in rent. We don’t build those units. Developers aren’t going to build those units. Without some way of funding that, those are some big gaps.”*

A newly approved federal housing trust fund will begin paying out this year, but its funds are limited and competitive. Further, as stakeholders pointed out, a local trust fund would help alleviate uncertainty about state or federal appropriations. One stakeholder, for example, noted that although the South Dakota Housing Opportunity Fund exists, funding is always in question, so it is not a reliable source. Stakeholders spoke of a city trust fund as a dedicated revenue source that would always be there, not subject to appropriations or politics. They reported that trust funds have been set up in many other communities and have a track record of success.

A housing trust fund could also be used to give direct assistance to individuals or families. One stakeholder cited the examples of First Congregational Church’s campaign for Affordable Housing Solutions. The church contributes to a revolving fund marked for security deposits. Families in need can take a loan from the fund and repay it at \$10 a month over many months, replenishing the revolving fund to help more families in the future.

Other stakeholders cited the example of Aberdeen’s silent second lien program, which helps homebuyers finance the purchase of a home by providing a silent second loan. They pointed out that, by providing silent seconds or deferred or no-interest loans, government could set up a revolving fund that—though it

could serve only a few people at a time, given the expense of single-family homes—would help residents buy homes and build wealth.

To fund the trust, several stakeholders recommended a municipal housing bond issue, pointing to the example of Minnesota’s housing finance agency, which has successfully issued bonds for affordable housing. Public funding could also help drive additional private investment.

*“Public dollars have to be the catalyst to drive the private dollars to make it work.”*

For example, several stakeholders suggested organizing the community to donate initial funds, whether through a Chamber of Commerce capital campaign or a city-wide faith-based affordable housing initiative.

#### **6.6.4.4 Employer investment**

Stakeholders explained affordable housing is, in essence, a workforce development problem, and that therefore employers should take an interest in ensuring sufficient affordable housing is available for employees. Many stakeholders commented on housing that has been lost as various local businesses and hospitals have expanded. They suggested that these organizations should invest in housing in the city or in some way make an effort to replace the housing they have removed. Stakeholders agreed that, in any collaborative effort going forward, it will be crucial to engage business leaders and employers.

For example, one stakeholder suggested employers contribute to a local affordable housing trust fund, as described above. Stakeholders also suggested recruiting employers to participate in savings incentive programs for their employees. They proposed asking banks or employers to match residents’ savings. Match amounts could be capped at a certain annual amount, and they could also be earmarked for designated purposes, such as a down payment to encourage homeownership.

#### **6.6.4.5 Faith-based and volunteer organizations**

Stakeholders agreed that the faith-based community could be a significant force in bringing about more affordable housing and better access to services. Another stakeholder pointed out that volunteers and community donors have played a central role in other communities, such as Hennepin County where the Dorothy Day Center was built by donors, or Salt Lake City, where Grace Mary Manor and Sunrise Metro were made possible by volunteers who helped assemble furniture, donors, and community support.

In Sioux Falls, stakeholders said, the faith-based community has done some work in affordable housing, but has not been effectively organized for impact. For example, St. Joseph Catholic Housing has been a major contributor to constructing and developing affordable apartments, especially for seniors. One stakeholder also cited the example of the Sioux Falls Ministry, which has worked with Lloyd Companies on a tax credit property. Both St. Joseph Catholic Housing and the Sioux Falls Ministry view affordable housing as ministry. The faith-based community has helped improve shelter availability and transitional housing through Bishop Dudley Hospitality House and St. Francis House, and churches have come together in support of the Community Outreach to connect those in need with services. However, stakeholders agreed that current initiatives do not represent the full extent of the faith-based community’s potential impact. Broader outreach to churches and other faith-based organizations could bring in more resources for ensuring those in need have affordable housing.

## 7 SIOUX FALLS IN COMPARISON

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### KEY FINDINGS

For the purposes of this study, Sioux Falls was compared with nine communities in a multi-state region: Boise, ID; Cedar Rapids, IA; Des Moines, IA; Fargo, ND; Fort Collins, CO; Lincoln, NE; Madison, WI; Omaha, NE; and Rochester, MN.

In general, Sioux Falls compares favorably with its peers in terms of growth, unemployment, and overall housing affordability. Although Sioux Falls ranks sixth among the comparison group in population size, it ranks third for population growth. Sioux Falls also boasts a very low unemployment rate: Even though all of the comparison cities rank near the top nationally for low annual average unemployment, Sioux Falls still falls near the top of the list, tying Lincoln, NE for second place, just behind Fargo. However, in spite of very low unemployment, wages in Sioux Falls are relatively low. The Sioux Falls MSA ranked eighth out of ten comparison MSAs in terms of average weekly wage. The average wage in the MSA was \$863 per week, or about \$44,900 annually at full-time, year-round employment.

Nationally, Sioux Falls ranks among the most affordable communities for renters (187 of 208, with 1 being most expensive) and in the middle of the pack for homeowners (112 of 208). That national *Paycheck to Paycheck* report estimated the annual income needed to afford the median priced house in Sioux Falls in 2015 was \$43,500, while an income of about \$28,400 was necessary to afford a two-bedroom rental at fair market rent.

Even among its local peers, Sioux Falls is one of the most affordable cities. In terms of median housing costs relative to income, Sioux Falls the fourth most affordable community for homeowners, with the sixth lowest median home value and median homeownership costs at 17% of income. At \$745 per month, Sioux Falls had the third lowest median gross monthly rent, behind Cedar Rapids and Fargo. However, with a higher median income in Sioux Falls, residents only needed to apply an average of 26% of income toward rent, making Sioux Falls the most affordable community in the group based on rent as a percent of income.

However, as this report makes clear, broad affordability comparisons based on median housing prices and median income obscure discrepancies that can be observed by examining price and income distributions. At the lowest end of the income distribution, most households in Sioux Falls struggle to find affordable housing.



## 7.1 SIOUX FALLS IN COMPARISON

In February 2015, the Sioux Falls Area Chamber of Commerce, Forward Sioux Falls and the Sioux Falls Development Foundation sponsored an updated research project by Market Street Services, Inc., which assessed the community's competitive position when compared to other regional centers in the upper Midwest. The Market Street report compared Sioux Falls with nine direct competitors for future employment and population growth:

- Boise, ID
- Cedar Rapids, IA
- Des Moines, IA
- Fargo, ND
- Fort Collins, CO
- Lincoln, NE
- Madison, WI
- Omaha, NE
- Rochester, MN

This report adopts these same communities in comparing demographic and housing data.

## Sioux Falls in Comparison

Among the comparison cities, **Sioux Falls** ranks near the middle in population size. **Omaha** was the largest of the comparison cities, and **Rochester** was the smallest. The two cities closest to **Sioux Falls** for total population in 2015 were **Ft. Collins** (smaller) and **Des Moines** (larger). However, at the MSA level, population disparities are more pronounced: **Omaha, Madison, Boise** and **Des Moines** are core cities in MSAs with over 600,000 people in 2015, more than double the size of the **Sioux Falls MSA**. Among the MSAs, the **Sioux Falls MSA** was most similar to the **Cedar Rapids MSA** (larger) and **Fargo MSA** (smaller).

**Table 7.1 Demographic data - population**

	Sioux Falls	Boise	Cedar Rapids	Des Moines	Fargo	Ft. Collins	Lincoln	Madison	Omaha	Rochester
City Population, 2015 Census Bureau Annual Estimate	171,544	218,281	130,405	210,330	118,523	161,175	277,348	248,951	443,885	112,225
<i>Rank</i>	6	4	8	5	9	7	2	3	1	10
Percent Population Change, 2010-15	11.4%	5.9%	3.2%	3.0%	12.3%	11.7%	7.3%	6.8%	2.8%	5.1%
<i>Rank</i>	3	6	8	9	1	2	4	5	10	7
MSA Population, 2015 Census Bureau Annual Estimate	251,854	676,909	266,040	622,899	233,836	333,577	323,578	641,385	915,312	213,873
<i>Rank</i>	8	2	7	4	9	5	6	3	1	10
Percent Population Change, 2010-15	10.3%	9.8%	3.1%	9.4%	12.0%	11.3%	7.1%	5.9%	5.8%	3.4%
<i>Rank</i>	3	4	10	5	1	2	6	7	8	9

Source: U.S. Census Bureau Population Estimates Vintage 2015, CPR

Although **Sioux Falls** ranked sixth for population level among the individual cities, it ranked third for percentage growth in recent years. Only **Fargo** and **Ft. Collins** grew at a faster rate. The **Sioux Falls MSA** also ranked third among MSAs, trailing the **Fargo MSA** and the **Ft. Collins MSA**.

All of the MSAs saw positive population growth due to natural increase and net domestic and international migration, except for the **Rochester MSA**, which saw negative net domestic migration.

**Table 7.2 Demographic data - contributing components to population change (MSAs)**

	Sioux Falls	Boise	Cedar Rapids	Des Moines	Fargo	Ft. Collins	Lincoln	Madison	Omaha	Rochester
% total population change from 2010 to 2015	10.3%	9.8%	3.1%	9.3%	12.0%	11.3%	7.1%	5.9%	5.8%	3.4%
<i>Rank</i>	3	4	10	5	1	2	6	7	8	9
% change from 2010 to 2015 from domestic migration	3.7%	5.1%	0.1%	3.7%	5.2%	7.6%	1.5%	1.4%	0.5%	-1.8%
<i>Rank</i>	4T	3	9	4T	2	1	6	7	8	10
% change from 2010 to 2015 from international migration	1.5%	0.8%	0.7%	1.4%	2.0%	0.8%	1.7%	1.6%	1.3%	1.5%
<i>Rank</i>	4T	8T	10	6	1	8T	2	3	7	4T
% change from 2010 to 2015 from natural increase	4.9%	3.7%	2.4%	4.1%	4.5%	2.6%	3.7%	2.9%	4.1%	3.6%
<i>Rank</i>	1	5T	10	3T	2	9	5T	8	3T	7

Source: U.S. Census Bureau Population Estimates Vintage 2015

Note: Components may not sum to total due to rounding. Highlighting shows the component of population change that contributed the most to population growth between 2010 and 2015.

In most MSAs, natural increase was the primary contributor to population growth over the previous years. Only the **Boise**, **Fargo**, and **Ft. Collins MSAs** saw more growth from domestic migration than natural increase. For the **Sioux Falls MSA**, natural increase accounted for nearly half of the population growth over the previous five years, putting the **Sioux Falls MSA** first in terms of the rate of growth due to natural increase. The **Sioux Falls MSA** was also near the middle of the group for positive gains due to domestic migration, as more people moved into the **Sioux Falls** area from other locations within the United States than moved out. At the time of the 2010 Housing Study, domestic in-migration was a larger component for growth in **Sioux Falls**. However, as more young people and families have moved into the area, a higher birth rate has now made natural increase a more important factor.

The **Sioux Falls MSA** ranked near the middle for population growth due to international in-migration. International in-migration added 3.7% to the MSA's population over the last five years. The **Fargo MSA** had the most net international migration, relative to its population, growing 2.0% due to international migration. The **Cedar Rapids MSA** had the least net international migration, adding just 0.7% to its population over five years.

**Sioux Falls** ranked seventh among the comparison communities for average household size in 2015, with 2.38 persons per household. Typically a larger household size indicates the presence of children, while smaller household size may reflect an older population or a large student population.

## Sioux Falls in Comparison

**Table 7.3 Selected demographic comparisons (core cities only)**

	Sioux Falls	Boise	Cedar Rapids	Des Moines	Fargo	Ft. Collins	Lincoln	Madison	Omaha	Rochester
Persons per household	2.38	2.61	2.32	2.41	2.18	2.45	2.40	2.23	2.47	2.55
<i>Rank (highest = 1)</i>	7	1	8	5	10	4	6	9	3	2
Median age	34.6	34.9	36.2	34.5	30.7	29.6	32.3	30.7	34.2	35.0
<i>Rank (lowest = 1)</i>	7	8	10	6	2T	1	4	2T	5	9
% of city population enrolled in post-secondary education	5.4%	8.3%	8.4%	8.1%	16.6%	19.7%	13.7%	19.6%	7.8%	7.0%
<i>Rank (highest = 1)</i>	10	6	5	7	3	1	4	2	8	9
% of population age 17 and younger	24.2%	23.8%	22.8%	23.2%	20.4%	18.3%	22.8%	17.2%	24.8%	24.8%
<i>Rank (highest = 1)</i>	3	4	6T	5	8	9	6T	10	1T	1T
% of households with children	30.7%	32.1%	28.9%	28.9%	25.8%	24.9%	27.7%	21.9%	31.3%	32.5%
<i>Rank (highest = 1)</i>	4	2	5T	5T	8	9	7	10	3	1

Source: 2015 ACS 1-year estimates

**Sioux Falls** ranked seventh for the oldest community, with a median age at 34.6 years. The four cities with the youngest median age are home to large state universities and have significant student population. Despite its higher median age, **Sioux Falls** ranked third among the communities for the percentage of the total population that was age 17 or younger in 2015 and fourth in terms of the percentage of households with children, with 30.7% of all households having a child present. **Rochester** had the highest percentage of households with children, while **Madison** had the smallest.

In 2015, the average weekly wage paid for all reporting industry sectors in the **Sioux Falls MSA** was \$863. This ranked eighth among the comparison MSAs. At full-time employment for 52 weeks, this would yield an annual wage of approximately \$44,900.

**Table 7.4 Wages and unemployment (MSAs)**

	Sioux Falls	Boise	Cedar Rapids	Des Moines	Fargo	Ft. Collins	Lincoln	Madison	Omaha	Rochester
Average Weekly Wage 2015 annual average	\$863	\$817	\$955	\$1,003	\$891	\$908	\$803	\$965	\$899	\$1,015
<i>Rank (highest = 1)</i>	<i>8</i>	<i>9</i>	<i>4</i>	<i>2</i>	<i>7</i>	<i>5</i>	<i>10</i>	<i>3</i>	<i>6</i>	<i>1</i>
Unemployment Rate 2015 annual average	2.6%	4.0%	3.8%	3.5%	2.4%	3.3%	2.6%	3.4%	3.2%	3.2%
<i>Rank (lowest = 1)</i>	<i>2T</i>	<i>10</i>	<i>9</i>	<i>8</i>	<i>1</i>	<i>6</i>	<i>2T</i>	<i>7</i>	<i>4T</i>	<i>4T</i>

Source: Bureau of Labor Statistics LAUS and QCEW 2015 annual averages

The highest average wage was paid in the **Rochester MSA**. At full-time employment, the annual wage was approximately \$52,800, or nearly 18% greater than the average in the **Sioux Falls MSA**. The **Lincoln MSA** had the lowest average wage at \$803 per week. At full-time employment, the annual wage was approximately \$41,800, or approximately 7% lower than the average in the **Sioux Falls MSA**.

In 2015, the annual unemployment rate for each of the comparison communities was low. With an annual average unemployment rate of 2.4%, the **Fargo MSA** was tied with the Ames, IA MSA for lowest rate for all metropolitan areas in the United States in 2015. The **Sioux Falls MSA** was tied with the **Bismarck, ND MSA** and the **Lincoln MSA** for the third lowest unemployment rate in the nation that year.

Of the 10 comparison communities reviewed in this section, seven ranked in the top 25 nationally for their low rate of MSA unemployment in 2015. In addition to the communities already listed, the **Rochester MSA** and the **Omaha MSA** were tied at 13<sup>th</sup>, the **Ft. Collins MSA** ranked 18<sup>th</sup>, and the **Madison MSA** ranked 23<sup>rd</sup> nationally. The **Boise MSA**, which had the highest unemployment rate of the 10 comparison communities, ranked 60<sup>th</sup> among the 387 metropolitan areas nationwide.

The estimated median household income for **Sioux Falls** in 2015 was \$53,802. This ranked as the fifth highest median income of the 10 comparison communities. **Rochester** and **Fort Collins** ranked first and second, and both had a median household income above \$60,000. **Fargo** had the lowest median household income at approximately \$46,856.

The estimated median value of owner-occupied homes in **Sioux Falls** was \$166,100, the sixth lowest among the 10 cities. Although a lower median value can make home ownership more achievable, a lower value can also indicate that the condition or quality of the houses is lower, or that less demand exists from potential home buyers. The highest median home value was in **Ft. Collins**, at more than \$300,000. **Madison** and **Boise** both had median values over \$200,000, and **Fargo** was close behind with a median value of about \$192,400.

## Sioux Falls in Comparison

**Table 7.5 Median income and housing cost data (core cities only)**

	Sioux Falls	Boise	Cedar Rapids	Des Moines	Fargo	Ft. Collins	Lincoln	Madison	Omaha	Rochester
Median household income	\$53,802	\$55,309	\$51,011	\$49,072	\$45,856	\$61,514	\$51,503	\$57,690	\$51,407	\$66,340
<i>Rank (highest = 1)</i>	5	4	8	9	10	2	6	3	7	1
Median owner housing value	\$166,100	\$209,900	\$135,100	\$119,500	\$192,400	\$302,500	\$155,100	\$222,800	\$143,200	\$170,800
<i>Rank (highest = 1)</i>	6	3	9	10	4	1	7	2	8	5
Median owner housing costs as % of income	17.0%	16.9%	18.0%	18.2%	16.2%	17.4%	17.9%	19.7%	18.5%	15.8%
<i>Rank (lowest = 1)</i>	4	3	7	8	2	5	6	10	9	1
Median gross rent	\$745	\$864	\$697	\$781	\$744	\$1,171	\$770	\$981	\$813	\$864
<i>Rank (lowest = 1)</i>	3	7T	1	5	2	10	4	9	6	7T
Median gross rent as % of income	26.0%	29.1%	29.1%	29.4%	26.1%	35.7%	29.6%	30.5%	29.2%	29.0%
<i>Rank (lowest = 1)</i>	1	4T	4T	7	2	10	8	9	6	3

Source: 2015 ACS 1-year estimates, CPR

The percentage of income that is applied to home ownership costs depends on both the income levels of home owners and the value of the housing. **Sioux Falls** ranked fourth in affordability for home owners, behind **Rochester**, **Fargo**, and **Boise**. In Sioux Falls, residents apply a median of approximately 17% of income toward ownership costs. Households in **Rochester** applied the smallest percentage of income for ownership, while households in **Madison** applied the highest percentage toward ownership costs.

**Sioux Falls** ranked third for median gross rent, at \$745 per month—a statistical tie with **Fargo**, where median rent was \$744 per month. **Cedar Rapids** had the lowest median rent at \$697. While a lower rent amount can also be an indicator of condition, quality, or lowered demand, most renter households have lower income levels and need an affordable unit to avoid a cost burden (i.e., paying more than 30% of income for rent).

The goal of most rental assistance programs is to limit the amount of income needed for monthly rent to less than 30%. In 2015, a median renter household in **Sioux Falls** needed to apply 26.0% of income to gross monthly rent, making it the most affordable rental community in the comparison. The least affordable city was **Ft. Collins**, where the median renter household paid more than 35% of income for rent.

## Sioux Falls in Comparison

Households that spend more than 30% of their income on housing are considered cost-burdened. Overall, **Sioux Falls** ranked second behind **Rochester** for lowest overall rate of cost burden among all households. The highest proportions of cost-burdened households were found in **Madison** and **Ft. Collins**, the cities with the highest median home value and gross rent.

	Sioux Falls	Boise	Cedar Rapids	Des Moines	Fargo	Ft. Collins	Lincoln	Madison	Omaha	Rochester
% of all households with a cost burden	26.5%	32.8%	27.9%	34.9%	31.2%	41.3%	31.5%	39.6%	34.3%	25.9%
<i>Rank (lowest = 1)</i>	<i>2</i>	<i>6</i>	<i>3</i>	<i>8</i>	<i>4</i>	<i>10</i>	<i>5</i>	<i>9</i>	<i>7</i>	<i>1</i>
% owner households with a cost burden	17.5%	22.0%	20.0%	24.8%	17.0%	24.2%	18.1%	24.4%	23.6%	16.2%
<i>Rank (lowest = 1)</i>	<i>3</i>	<i>6</i>	<i>5</i>	<i>10</i>	<i>2</i>	<i>8</i>	<i>4</i>	<i>9</i>	<i>7</i>	<i>1</i>
% renter households with a cost burden	40.5%	48.7%	45.3%	50.7%	42.2%	61.2%	49.1%	53.6%	49.0%	48.1%
<i>Rank (lowest = 1)</i>	<i>1</i>	<i>5</i>	<i>3</i>	<i>8</i>	<i>2</i>	<i>10</i>	<i>7</i>	<i>9</i>	<i>6</i>	<i>4</i>
% renter households with income < \$20,000 with a cost burden	85.2%	92.5%	89.9%	90.1%	91.0%	95.5%	91.7%	95.5%	91.4%	85.4%
<i>Rank (lowest = 1)</i>	<i>1</i>	<i>8</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>9T</i>	<i>7</i>	<i>9T</i>	<i>6</i>	<i>2</i>
% renter households with income \$20,000 - \$35,000 with a cost burden	54.8%	70.2%	46.2%	67.0%	51.7%	89.3%	58.8%	81.4%	65.2%	71.7%
<i>Rank (lowest = 1)</i>	<i>3</i>	<i>7</i>	<i>1</i>	<i>6</i>	<i>2</i>	<i>10</i>	<i>4</i>	<i>9</i>	<i>5</i>	<i>8</i>

Source: 2011-15 ACS 5-year estimates, Table B25106

Certain subpopulations are more likely to experience a cost burden. In all 10 comparison cities, renters and lower income households are more likely to be cost-burdened. **Ft. Collins** and **Madison** stand out as the least affordable cities in the comparison groups: they have the highest rates of cost-burdened households across nearly all subpopulations. **Sioux Falls** compares favorably, with the lowest proportion of cost-burdened renter households and near the lowest proportions of cost-burdened owners and low-income renters. However, all 10 cities fall into a narrow range of variation, with cost burdens affecting around 40 to 50% of renters overall and about 90% of renters with incomes under \$20,000.

**Paycheck to Paycheck**, an annual report from the Center for Housing Policy at the National Housing Conference, ranks more than 200 metropolitan areas for affordable ownership and rental housing. Its rankings reveal that Sioux Falls ranks among the most affordable communities for renters (187 of 208) and in the middle of the pack for homeowners (112 of 208).

**Table 7.6 Paycheck to Paycheck national rankings, 2015**

	Sioux Falls	Boise	Cedar Rapids	Des Moines	Fargo	Ft. Collins	Lincoln	Madison	Omaha	Rochester
Affordable Rental Ranking *208 = most affordable	187	174	168	141	182	96	192	79	132	N/A
<i>Rank (1 = most affordable)</i>	2	4	5	6	3	8	1	9	7	N/A
Affordable Ownership Ranking *208 = most affordable	112	54	115	108	89	30	124	60	125	N/A
<i>Rank (1 = most affordable)</i>	4	8	3	5	6	9	2	7	1	N/A

Source: Center for Housing Policy, CPR

For its rental affordability rankings, the *Paycheck to Paycheck* report uses the HUD Fair Market Rent (FMR) calculations from 2015 for a two-bedroom rental unit to compare rent levels between communities. Based on this data, the **Sioux Falls MSA** ranked as a very affordable rental community, placing 187<sup>th</sup>, with 1<sup>st</sup> being the most expensive (San Francisco), and 208<sup>th</sup> being the least expensive (Wheeling, WV). Among the 10 comparison communities, only the **Lincoln MSA** was more affordable for rental housing, ranking 192<sup>nd</sup> nationally. The most expensive rental market among the comparison communities was the **Madison MSA**, ranking 79<sup>th</sup> nationally.

For ranking home ownership, the *Paycheck to Paycheck* report used home value estimates from the first quarter of 2015, as supplied by the National Home Builder's Association or the National Board of Realtors. For home ownership, the **Sioux Falls MSA** ranked 112<sup>th</sup> nationally, based on a median home value estimate of \$159,500. The least affordable community, ranked 1<sup>st</sup>, was San Francisco with a median home value above \$900,000, while the most affordable metro area nationwide and ranking 208<sup>th</sup> was Bay City, MI, with a median home value of \$71,000.

Among the 10 comparison communities, the **Sioux Falls MSA** ranked 4<sup>th</sup> as most affordable, as the **Omaha**, **Lincoln** and **Cedar Rapids MSAs** each had a lower median home value. The most affordable, the **Omaha MSA**, had a median home value of \$148,100 and ranked 125<sup>th</sup> nationally. Among the comparison communities, the highest home values were in the **Fort Collins MSA** and the **Boise MSA**, at \$285,000 and \$219,000, respectively. **Fort Collins** ranked as the 30<sup>th</sup> most expensive market nationally, while **Boise** ranked 54<sup>th</sup>.

Although not displayed in the table above, the *Paycheck to Paycheck* report includes an estimate of the annual income needed in 2015 to afford the median rental unit or owner-occupancy home. For the **Sioux Falls MSA**, an income of approximately \$43,500 was viewed as a qualifying income to own a median-priced house, while an income of approximately \$28,400 was needed to afford a two-bedroom rental at the 2015 FMR.

The U.S. Department of Housing and Urban Development is the primary funding source for rental assistance programs in larger cities, which can be compared based on the number of units available through Housing Choice Vouchers, Public Housing, Project-Based Section 8, and other HUD



programs. To allow for direct comparison between communities, the total number of units assisted by HUD subsidies are given as a percentage of all renter-occupied units counted by the 2010 Census, the last highly reliable estimate of the number of renters in each city.

**Table 7.7 HUD-subsidized rental units**

	Housing Vouchers	Public Housing	Project Section 8	Other	Total	Percent of Renters 2010
Sioux Falls	1,811	25	921	262	3,019	13.0%
MSA	1,960	98	1,011	263	3,332	11.8%
Boise	1,638	164	680	116	2,598	7.8%
MSA	2,832	325	1,119	190	4,466	6.5%
Cedar Rapids	1,073	0	895	74	2,042	12.1%
MSA	1,396	0	1,063	201	2,660	9.7%
Des Moines	2,732	429	1,478	88	4,727	15.6%
MSA	4,074	517	1,861	239	6,691	10.5%
Fargo	1,344	577	387	65	2,373	9.4%
MSA	2,143	1,004	762	67	3,976	10.9%
Ft. Collins	1,188	152	275	107	1,722	6.6%
MSA	2,070	195	560	210	3,035	7.3%
Lincoln	3,094	320	980	35	4,429	10.3%
MSA	3,098	320	1,128	35	4,581	10.0%
Madison	1,874	772	1,672	63	4,381	8.4%
MSA	3,238	1,012	2,772	214	7,236	8.0%
Omaha	5,123	2,773	1,061	385	9,342	13.8%
MSA	7,284	3,380	2,343	677	13,684	12.3%
Rochester	514	110	1,005	188	1,817	14.5%
Rochester MSA	677	243	1,375	230	2,525	14.7%

Source: Department of Housing and Urban Development, CPR

In **Sioux Falls**, approximately 13% of all renters would have had access to some form of subsidized housing in 2010. This ranked 4<sup>th</sup> among the 10 communities for the largest supply. In **Des Moines** more than 15% of renter households would have had access to a subsidized unit, the highest percent for the cities. **Rochester** and **Omaha** also had a large relative supply of HUD-assisted units. The individual cities with the smallest supply of subsidized options, when compared to renter-occupancy households, were **Ft. Collins** and **Boise**, both below 8% for subsidized housing.

## Sioux Falls in Comparison

Statistics for the MSAs often reflect the impact of the core city, although the percentage in the **Des Moines MSA** dropped when the surrounding areas were added. The **Rochester MSA** had the highest percentage of subsidized units to renter households. The **Sioux Falls MSA** had the third highest percentage, with the **Omaha MSA** also having more subsidized units as a percentage of renter households.

As noted in the 2010 Housing Study, **Sioux Falls** has only a small inventory of public housing, at only 25 units. Only **Cedar Rapids**, which had no public housing, was below **Sioux Falls** in this subsidized housing category. In contrast, **Omaha** had more than 2,700 public housing units.

Most of the subsidized housing in **Sioux Falls** was made available through the Housing Choice Voucher Program. This was generally consistent with the other communities, as only **Rochester** and **Madison** had less than 50% of their subsidized units offered in vouchers.

Though not considered subsidized housing, tax credit properties are another affordable housing option for moderate income households. Among comparison cities, Sioux Falls ranks first in tax credit units as a percentage of renter households, at 16.3%. Des Moines is a close second with 16.1%. However, only Rochester also had more than 10% of renter households in tax credit units. All other communities fell below 10%.

**Table 7.8 Tax credit units in comparison cities (core cities only)**

	Tax Credit Units	Percent of Renters 2010
Sioux Falls	3,775	16.3%
Boise	1,950	5.8%
Cedar Rapids	1,663	9.8%
Des Moines	4,889	16.1%
Fargo	1,287	5.1%
Ft. Collins	2,101	8.1%
Lincoln	2,529	5.9%
Madison	3,301	6.4%
Omaha	5,614	8.3%
Rochester	1,395	11.1%

Source: HUD Low Income Housing Tax Credit database; includes units placed in service through 2014. Unit count includes all units in tax credit properties, so it may overestimate the number of affordable units in cases where tax credit properties include market rate units.

## 8 SUMMARY OF KEY FINDINGS AND PROJECTED DEMAND

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### 1 THE AFFORDABLE HOUSING SYSTEM

This section examines the existing affordable housing ecosystem in Sioux Falls. The system maps presented on the following pages move from depicting the current complexity of the ecosystem as seen through the eyes of a family in need of affordable housing to a model for structuring collaboration.

#### 1.1 Program rich but systems poor

The affordable housing system is program rich but systems poor: It is a complex system with many influential stakeholders but no coordinating authority. Numerous organizations compete for a limited pool of resources, often duplicating services and resulting in inefficiency.

Although programs exist to address a variety of needs, a lack of coordination among programs leaves clients and providers alike without a clear idea of how to access the programs and resources that are available. Families in need of assistance may turn to a small number of housing search and information services, but they have no clearly defined, single point of entry to begin accessing the resources that currently exist.

#### 1.2 Coordinating for collective impact

Better coordination and collaboration among affordable housing stakeholders in Sioux Falls could help ensure that existing programs and resources reach people who need them. The City of Sioux Falls Affordable Housing Division and the Sioux Falls Housing and Redevelopment Commission represent an intersection of programmatic centrality and funding and authority. They will play a critical role in any effort to better coordinate the affordable housing ecosystem. However, because the affordable housing system is complex, successful coordination will require broad-based collaboration by many of the actors in the network.

In Sioux Falls, affordable housing is a textbook case of opportunity for collective impact. Given the necessary infrastructure and facilitation, affordable housing stakeholders could come together to help all children thrive from cradle to career: When it works well, the affordable housing sector provides supportive services and subsidies that help ensure all children begin life and move from cradle to career with safe, stable housing. Designed as successful interventions, supportive services and subsidies can break the cycle of instability, trauma, and disrupted education that keeps some families in poverty generation after generation.

### 2 POPULATION PATTERNS AND PROJECTIONS

#### 2.1 Demographic patterns

In early 2016, the city of Sioux Falls was home to an estimated 173,000 people in 69,100 households. Population and household growth has been strong, due primarily to natural increase. Since 2010, on average, Sioux Falls has added about 3,500 people and up to 1,240 households annually. Within the four-county Sioux Falls Metropolitan Statistical Area (MSA), the jurisdictions outside of the city of Sioux Falls

have added over 1,000 people and 550 households annually. Although most age ranges have increased in size, growth has been strongest among millennials, baby boomers, and children.

Sioux Falls continues to grow more diverse. Although 85% of people in Sioux Falls identify as white, minority populations are growing faster than the white population. The two largest minority groups in Sioux Falls are black (9,251 people, 56% of whom are foreign-born) and Native American (3,808 people). Between 2010 and 2015, the number of white households grew 10.5%, compared to 51.4% for black households and 30.0% for all other races combined.

Current population estimates show continued strong population and household growth in the Sioux Falls area. Projections estimate average annual household growth in Sioux Falls will be approximately 1,330 households. Outside of Sioux Falls, projected growth is 650 households per year. Household growth will remain strongest among millennials (ages 35 to 44 by 2021) and among baby boomers (ages 65 to 74 by 2021).

## 2.2 Income and employment trends

Overall, median income in Sioux Falls has remained steady since 2010, but this apparent stability masks change in the distribution of income. Since 2010, Sioux Falls has seen an increase in the number of high-income households (\$100,000 or more) and low-income households (\$25,000 or less). At the same time, the number of moderate-income households has been static. Over the next five years, Sioux Falls is projected to lose 1,900 moderate-income households with incomes between \$35,000 and \$75,000, dropping the proportion of the population in this income range from 35% to less than 30%. In both the city of Sioux Falls and the MSA, there is a pattern of income polarization; the area is adding households with higher incomes and lower incomes but losing households in the moderate income ranges.

Compared to statewide averages, household income in Sioux Falls is relatively high. Household income is higher in the MSA than in the city of Sioux Falls and higher among families than non-family households. In the city of Sioux Falls, median household income is approximately \$53,802. For the Sioux Falls MSA, it is slightly higher at approximately \$59,844. Families (households with two or more related members) generally have higher income levels than non-family households. The estimated median family income was approximately \$69,986 in the city of Sioux Falls and again slightly higher (\$74,632) for the entire MSA.

Certain household and family characteristics are correlated with higher income, especially characteristics that indicate greater household stability, more income earners, and participation in the work force.

- Homeowner households have significantly higher annual income levels than renter households.
- Families generally have higher income levels than non-families, except single-parent families.
- Households with two or more people tend to have substantially higher income levels than one-person households.
- Households headed by a person between the ages of 25 and 64 tend to have much higher income levels than households that are older or younger.
- White and Asian households have higher income levels than households of other races.

Unemployment has been on a steady decline since 2010 and is now lower than at any point in the last decade. The latest figures show Sioux Falls with the lowest unemployment in the country, with a rate of 2.1%. Through 2021, projected job growth will be strongest in the health care industry but is not expected

to change existing income dynamics. Income projections through the year 2021 continue to forecast the disparity that has been evolving in recent years, with a growing number of households in the higher income ranges, a growing number of households in the lower income ranges, and a decreasing number of households in the more moderate income ranges.

### 2.3 Families and children

Families with children make up a significant proportion of Sioux Falls households, and this study finds widespread community support for initiatives that help children thrive. Approximately 29% of the households in Sioux Falls include one or more children under 18 years of age. The Sioux Falls School District reports total K-12 enrollment of both public and non-public school students in the city of Sioux Falls is 24,330.

Families with children are more likely to experience financial hardship than families without children. In the city of Sioux Falls, 9% of all households have income levels below poverty. However, the rate is higher among households with children: 14% fall below the poverty threshold. In Sioux Falls, nearly two-fifths (39%) of all school-age children are eligible for free or reduced lunch.

Children living with single parents are more likely to experience poverty and insecure housing. In Sioux Falls, 12,865 (63%) of households with children are headed by a married couple, while 7,606 (37%) are headed by a single adult. Of families below the poverty level, more than 72% were female-headed with no spouse present. Median income for married couple families with children is \$83,198 compared to \$25,938 for families headed by single mothers and \$39,569 for those headed by single fathers.

In Sioux Falls, 77% of the city's married couple families with children are dual earner families in which both husband and wife work, whereas 21% rely on a single earner. In nearly all married couple families (98%), one or both parents work. Most single parents are also employed: 82% of single women with children and 88% of single men with children are employed.

As inequality has increased, so has the proportion of low-income children. Between 2010 and 2015, while the total number of children increased by 13%, the number of children in poverty increased 48%. Growing inequality widens the chasm between parents who can afford to prioritize spending on quality housing in neighborhoods they see as advantageous to their children and those who cannot.

## 3 HOUSING NEEDS

### 3.1 What is affordable?

For 2016, the HUD-defined area median family income (MFI) for the Sioux Falls MSA is \$72,000. Overall, 25,115 households (40%) fall below 80% MFI, making them potentially eligible for affordable housing programs. About 24% (9,355) of all homeowner households fall below the 80% MFI threshold, compared to 65% (15,760) of renter households. Further, 20% (4,830) of renter households fall into the very lowest income bracket, earning less than 30% MFI.

For a dual earner household to reach the median income, both earners would need to work full-time and receive an hourly wage of about \$17 per hour. At the current minimum wage (\$8.55 per hour as of January 1, 2016), a full-time employee would earn \$17,784 annually, or less than 25% MFI.

### 3.2 Housing tenure

In Sioux Falls, homeowners outnumber renters: 39,976 of the city's 65,538 housing units (61%) are owner-occupied. However, the proportion of renter households has been steadily increasing relative to owner households. Over the six-year period from 2009 to 2015, the number of renter households in Sioux Falls grew 19%, compared to just 5% growth among owner households and 10% growth overall.

Although homeowner households outnumber renter households overall, renters outnumber homeowners in lower income brackets. Whereas homeowners make up the majority of households earning over \$35,000 per year, renters make up the majority of households earning less.

Overall, more children in Sioux Falls live in owner-occupied homes than in rental units, although children living with single parents are more likely to live in a rental unit. About one-third of families with children live in rental housing. Of owner-occupied units, 34% have children. Among rental units, 27% have children.

### 3.3 New housing construction

Housing construction has rebounded since the economic downturn of 2008, with 80% or more of all MSA construction located within the city of Sioux Falls. In the six-year period between January 1, 2010 and December 31, 2015, Sioux Falls issued building permits for more than 8,840 total housing units, including 5,333 multifamily units. As of September 2016, the city has already exceed the total number of units permitted in any single year since 2010.

However, in the last few years, new construction has shifted markedly toward multifamily units. The number of multifamily units permitted in the first nine months of 2016 has already surpassed the level permitted in all of 2014, previously the single highest year of multifamily activity since 1977. Whereas multifamily permitting is at an all-time high, single-family permitting remains below the peak levels seen in the early 2000s.

### 3.4 Homeowners

Since 2010, median home value in Sioux Falls has increased gradually, from between \$139,000 and \$142,000 in 2009 to between \$164,155 and \$171,645 in 2015. Sales data indicate that, after plateauing for several years following the economic downturn in 2008, home sales prices have been climbing steadily since 2012. In September 2016, median sales price was \$185,000.

As home sales prices have increased, housing affordability has decreased. Since 2012, affordability levels have been in a steady decline. According to the MLS housing affordability index, Sioux Falls saw an 8.8% decrease in affordability from September 2014 to September 2015, then a 5.6% decrease from September 2015 to September 2016.

Sioux Falls has high and growing demand for lower priced starter homes. In the 12 months prior to September 2015, homes in the \$100,001 to \$150,000 range spent an average 78 days on the market; the following year, days on the market for that price range dropped to 74 days, and inventory currently stands at under 3 months.

### 3.5 Renters

Most rental units in Sioux Falls are conventional rental housing, estimated to represent approximately 24,000 units, or 78% to 80% of all rental options, up from 77% in 2010. Significant construction activity

since 2010, along with conversion of some formerly income-restricted housing to conventional market rate, has increased that percentage. More than 4,000 conventional market rate units have been permitted since 2010, most since 2013.

Rapid population growth and a growing preference for renting drive demand for multifamily construction, but history shows that above-average levels of conventional rental housing construction lead to above-average levels of rental housing vacancy in the future. The South Dakota Multi-Housing Association reported a vacancy rate of 6.53% in January 2016, possibly the first indication of rising vacancy following above-average construction. Though the vacancy rate fell in the July 2016 iteration of the survey, it remains slightly elevated at 5.79%.

Overall, rental rates remain moderate, reflecting the large number of older rental units in the local inventory. In 2015, the estimated median gross rent for all rental units in Sioux Falls was \$745, a 15% increase since 2008. About 62% of rental units are between \$500 and \$899 per month, representing an ample supply of moderately priced units. However, with ongoing construction, recent unit growth has been concentrated in the price range of \$800 or more, and the number of units priced below \$600 has decreased.

Approximately 3,500 tax credit properties offer a moderate rate rental option for households at 60% or less of median income. Tax credit projects have a contractual obligation to provide affordable housing for a defined period of time, usually between 15 and 40 years. While new tax credit projects are being built each year in Sioux Falls, the total inventory has remained relatively stable because the number of units leaving the program has often been similar to the number of new units being built. Since tax credit units typically have a moderate rent structure, they generally cannot serve extremely low-income households. However, in Sioux Falls, 378 Housing Choice Vouchers are being used by tenants in tax credit projects to bring rent down further to an affordable level.

Additionally, Sioux Falls has 47 different subsidized housing projects with 1,536 units, including 793 general occupancy subsidized units in 22 projects, 525 senior/disabled occupancy subsidized units in 15 projects, and 218 special needs/disabled occupancy units in 10 projects. While few unit losses have occurred since 2010, only limited unit gains have been made. Sioux Falls also has between 1,800 and 1,900 households receiving tenant-based rent assistance, which can be used in conventional housing. Renters with either a project-based or a tenant-based rent subsidy represented nearly 13% of all renter households in 2016.

Very high demand exists for subsidized housing. Project-based subsidized housing units have a reported vacancy rate of 1.99%, and in June 2016, there were more than 3,150 households waiting for tenant-based rent assistance.

### 3.6 Households at risk

With ongoing construction shifting the rental stock toward higher priced units and a limited supply of tax credit and subsidized options, this study finds a large and growing housing gap for low-income households. The city has approximately three times as many renter households with an annual income below \$10,000 as there are units affordable at that income (i.e., with a gross rent of \$250 or less), a unit gap of about 1,800. A 1,900 unit gap exists among units with rents between \$250 and \$499 per month. Exacerbating this mismatch, many higher income households choose to rent down, renting moderately priced units.

After accounting for units occupied by higher income households, analysis reveals a shortage of affordable and available rental units for extremely low-income households (< 30% MFI). For every 100 renter households at 30% MFI, there are an estimated 39 affordable and available units. A similar, though less severe, housing gap is evident among homeowners. For every 100 owner households at 30% MFI, there are an estimated 54 affordable and available units.

As a result of this shortage, an estimated 5,584 (85%) extremely low-income households are cost burdened, spending more than 30% of their income on housing, and about 3,939 (60%) extremely low-income households spend over half of their monthly income on housing.

Minnehaha County Human Services reports a fairly consistent level of need, with around 2,000 applications for rental assistance in each of the last three six-month periods. The Helpline Center reports that housing is among the top unmet needs for Sioux Falls callers. From 2013 to 2015, the Helpline Center received 12,691 calls requesting housing-related assistance, representing 14% of all calls from the Sioux Falls MSA.

### 3.7 Homelessness

Individuals and families who are unable to find affordable housing are at risk of homelessness, which has serious consequences for all who experience it, but especially for children. The number of homeless individuals and families in Sioux Falls peaked during the economic downturn in 2008. The Sioux Falls School District's McKinney-Vento count suggests the number of homeless students remains elevated compared to pre-2008 levels. Year-end figures for the 2015-16 school year indicate 965 students were homeless at some point during the year, representing 4.2% of students enrolled in public schools.

Reports from Minnehaha County, shelters, and the Banquet corroborate these trends, suggesting the need for housing remains higher than it was before 2008. The most recent report of unduplicated applications shows 524 homeless households without children and 252 homeless households with children applied for assistance in the first six months of 2016, accounting for over 1,000 adults and nearly 500 children.

In Sioux Falls, most of the homeless population reports becoming homeless as a result of unemployment or a lost job. The inability to pay rent or utilities is another top reason for becoming homeless. In many cases, financial trouble is complicated by recent incarceration, substance abuse, arguments with family, or other factors. When asked about unmet needs, homeless individuals and families put housing placement and transportation at the top.

## 4 POPULATIONS OF SPECIAL CONCERN

Disaggregating the demand for affordable housing reveals important patterns among certain populations of concern, including families with children, formerly incarcerated individuals, refugees and immigrants, and people with disabilities.

### 4.1 Families with children

Families with children face unique housing challenges, and research indicates that stable housing is a key determinant of childhood outcomes, including social and emotional wellbeing, educational achievement, and physical and mental health.



Families struggling to find affordable housing may be forced to live in poorer quality housing in disadvantaged neighborhoods. They often take on housing cost burdens that trade off with other expenses, including healthcare and food, and they face increased risk of eviction, residential mobility, and homelessness. Among very low-income households, those with children are more likely than households without children to miss rent payments, receive notice of utility shut off, or feel under threat of eviction. Not only do these conditions directly affect children's wellbeing; they also negatively impact parental wellbeing and parenting, which in turn has consequences for children.

Families with children tend to need larger units. In Sioux Falls, over half of the households on the voucher waiting list are families with children. Of families with children, half need 2 bedrooms and half need 3 or more, including 210 families (11% of the waiting list) who need 4 or more. However, units this large make up less than 5% of the rental housing stock, and most are conventional rentals priced out of an affordable range for these families. Families who cannot find affordable housing with enough bedrooms may end up in overcrowded housing, putting them at increased risk for homelessness. In Sioux Falls, about 271 (0.7%) homeowner households and 1,013 (4.1%) renter households are overcrowded.

This study found widespread community support for affordable housing initiatives with a focus on meeting children's housing needs. By providing housing stability, affordable housing helps children build supportive social networks and access resources they need to thrive.

#### 4.2 Formerly incarcerated

People with criminal backgrounds have an especially difficult time securing affordable housing. Federally subsidized housing has strict eligibility guidelines and requires a criminal background check. Tax credit properties and many private landlords participate in the Crime-Free Housing program, which makes it more difficult for those with a criminal background to find housing.

Children who have a currently or formerly incarcerated relative face the consequences of restrictive housing policies. Assuming that the South Dakota prison population resembles state prison populations nation-wide, about 1,953 current inmates and 1,181 parolees are parents of children under the age of 18. Of 24,330 enrolled students in Sioux Falls, an estimated 3% or 730 students have a parent who is currently incarcerated. Statewide, approximately 3,000 inmates are released annually, and the Sioux Falls Parole Office processes between 50 and 70 parole releases per month (600 to 840 annually). An estimated 1,560 of those released annually are parents of children under 18.

Some community resources exist for those facing reentry, but there are few good options for families with children. Several organizations make available to people with a felony record a list of felon friendly housing options. The list includes 48 properties, of which 6 are hotels and 2 are sober living facilities. Available reentry programs such as Glory House serve single adults, not families.

In April of 2016, HUD issued new guidance regarding the use of criminal background checks in housing decisions. The new guidelines advise that criminal history cannot be used to automatically refuse an application or lease renewal, but they do not prohibit landlords or property managers from screening based on criminal background. The revised guidelines' effect on housing access remains to be seen.

#### 4.3 Refugees and immigrants

Of Sioux Falls's approximately 164,341 residents, 11,044 (6.7%) are foreign born. About 59% of Sioux Falls's foreign-born population entered the United States in 2000 or more recently.

Foreign-born households are more likely to rent, to have larger families, and to live in overcrowded housing. The majority (58.9%) of foreign-born households are renters, whereas the majority (62.5%) of native-born households own their own home. Whereas the average family size for native residents is just under 3 people, the average family size for foreign-born residents is over 4. Perhaps due in part to having larger families, foreign-born residents of Sioux Falls are more likely to experience overcrowding. Whereas only about 1% of all residents in Sioux Falls live in overcrowded housing, over 12% of foreign-born residents do.

In Sioux Falls, foreign-born households have lower earnings than native residents. The majority (over 58.2%) of native-born workers earn over \$35,000 annually, but just over one-third (37.0%) of foreign-born workers earn that much. Over two-fifths (21.1%) of foreign-born households fall below the poverty level.

Foreign-born workers are an important part of the Sioux Falls workforce: Although foreign-born residents make up just 7% of workers in Sioux Falls, they represent 29% of manufacturing employees. Over 40% of the foreign-born population (approximately 2,737 people) works in manufacturing, versus just 8.0% of the native-born population.

Foreign-born residents tend to have less education than native residents of Sioux Falls. Over one-third (37.3%) of foreign-born residents have less than a high school education, compared to just 6.8% of native-born residents. However, around 10.8% of the foreign-born population has a professional or graduate degree, matching the native-born population (10.6%) and indicating an important segmentation of the foreign-born population when it comes to housing needs.

Many foreign-born households face language and transportation barriers. Most foreign-born households (86.9%) speak a language other than English at home, and the majority (54.3%) report that they speak English less than "very well." Foreign-born households are also more likely than native-born households to lack reliable transportation. Nearly 15% of foreign-born households have no vehicle.

#### **4.4 People with disabilities**

When it comes to finding affordable housing, people with disabilities face the added challenge of finding accessible housing. In Sioux Falls, about 16,632 people (10.3% of the noninstitutionalized population) have a disability, including about 5,690 (31%) adults 65 years and over. Many seniors have more than one type of disability. Most common are ambulatory difficulties, which affect 1 in 5 seniors, or about 3,523 individuals. Hearing difficulties affect around 14% of seniors (about 2,600 individuals), as do independent living difficulties.

Sioux Falls has around 300 subsidized or tax credit units that are clearly identified as accessible to people with disabilities. Properties built after 1988 are subject to Section 504 regulations, which require that at least 5% of units be made accessible to residents with mobility restrictions and an additional 2% be made accessible to those with hearing or vision impairments. However, much of the rental stock in Sioux Falls was built before this regulation took effect.

In addition to accessibility challenges, people with disabilities may face material hardship that makes it difficult to find housing they can afford. The poverty rate among people with a disability (23.6%) is nearly three times the rate among people with no disability (8.7%).

## 5 THE GEOGRAPHY OF AFFORDABLE HOUSING

### 5.1 The geography of affordable housing

The distribution of vacancy rates by zip code suggests high demand for affordable housing, especially near the center of the city. HUD-subsidized rental units and tax credit properties have very low vacancy rates except in outlying zip codes and outside the city, possibly because low-income renters prefer to live closer to work and services. The highest vacancy rates for affordable housing are found in zip codes with fewer low-income students and less access to jobs.

### 5.2 Transportation

Compared to homeowners, renters are more likely to have no vehicle available. Although nearly all owner households have at least 1 vehicle available, 8.5% (2,163) of working-age renter households do not. For those households, work and basic services must be walkable or accessible by public transportation.

Sioux Falls has about 321 tax credit units and 172 project-based subsidized units in walkable neighborhoods where most errands can be accomplished on foot. Most tax credit and project-based subsidized properties in the Sioux Falls region are located in areas that require residents have a car. In most of those neighborhoods, good access to public transportation can help compensate for poor walkability. About 3,595 (80%) income-restricted units are within walking distance (0.5 linear miles) of a bus route. In total, the number of income-restricted units that are walkable or near public transit surpasses the estimated 2,163 working-age renter households without a car.

## 6 STAKEHOLDER AND CLIENT PERSPECTIVES

### 6.1 Methodology

A series of focus groups were conducted with both clients and stakeholders in order to better understand their perspectives on affordable housing. Seven focus groups were held with clients, those seeking affordable housing. Another three focus groups were held with stakeholders from the development, social services, government, and nonprofit sectors. Additional stakeholder interviews were conducted in order to hear from as many organizations as possible.

### 6.2 Perceptions of affordability

- Stakeholders say it is incumbent on businesses and employers to support affordable housing. They see affordable housing as workforce housing and point out its importance in economic development: affordable housing helps recruit and retain employees.
- Stakeholders and clients observed a need for more housing for extremely and very low income households, those making 30% or less of area median family income.

### 6.3 The search for affordable housing

- Housing and neighborhood quality are top concerns, especially for families with children. Because the supply of subsidized housing is limited, most people in need of affordable housing turn to the open market, where they often encounter substandard conditions and slumlords. However, tenants are unwilling to report conditions for fear of eviction.
- Clients were familiar with the voucher waiting list, but because of the long wait (average 3.5 years), were forced to seek housing elsewhere.
- Subsidized housing buildings have their own waiting lists, plus onerous applications and stringent eligibility criteria, so most clients reported giving up and instead looking for cheap market housing.
- Most clients said the best way to find housing was to look for yard signs because there was no dependable list of available and affordable units for rent. Some used the internet, resource guides, or lists of subsidized housing available from service agencies.
- Clients agreed the process of looking for housing is confusing and difficult. Many complained they did not understand the system and weren't aware of resources.

### 6.4 Perceived barriers

- Income: Wages are not high enough for families, especially those with a single earner, to afford market-rate housing.
- Location and transportation: Proximity to work and services is key to self-sufficiency, but most new construction is on the outskirts of the city. Clients prefer centrally located housing within walking distance of work and services, but stakeholders emphasize the importance of dispersing affordable housing to avoid concentrated pockets of poverty.
- Application process: Lack of a central clearinghouse for available housing combined with long, complicated applications, fees, and security deposits make finding an apartment difficult and expensive.
- Market pressure: Intense rental market pressure is the result of an influx of new residents, a tight housing market (especially for less expensive starter homes), and low vacancy rates.
- Costs of creating new affordable units: Construction costs, government regulations, and taxes and fees make it expensive to create affordable housing units, driving up rent.
- Rejection and discouragement: After repeated rejections, some clients give up looking for housing.
- Vulnerable groups: Certain groups have even more trouble finding housing, especially those with poor credit or rental history, lack of rental history, or poor and no employment history; those struggling with addiction or mental health or other medical problems; those with a criminal background; those facing discrimination; and those without a social support network of family or friends

### 6.5 Perspectives on children and housing

- Stakeholders agreed that focusing on housing for children is paramount because housing provides stability and can interrupt the cycle of generational poverty, yet they also acknowledged there are few resources available that specifically target children.
- For families, the biggest barrier to maintaining affordable housing is balancing childcare, housing, and employment.

- Families value affordable housing in safe neighborhoods where children will be surrounded by positive role models.
- Larger families have trouble finding apartments with enough bedrooms, and families with children worry about noise problems and neighbors' complaints.
- Housing and custody are often interconnected: custody decisions may hinge on whether a parent has stable housing, while guardians who do not have official custody of children may not qualify for additional assistance based on family size or presence of children.

## 6.6 Participants' proposed solutions

- Solving the affordable housing puzzle will require data-driven collaboration among providers to better understand and address needs in the community.
- More case management and accountability will decrease demand for affordable housing units by helping individuals and families in affordable housing transition toward self-sufficiency.
- Providers could increase access to affordable housing by creating a streamlined housing search and application process.
- Creating more affordable housing will require innovative local funding sources (e.g., tax and regulatory reform, a local housing trust fund, employer investment, or faith-based and volunteer commitments).
- Affordable housing should be seen as a common good that benefits the entire community by providing stability for families, revitalizing neighborhoods, and retaining workers.

## 7 SIOUX FALLS IN COMPARISON

For the purposes of this study, Sioux Falls was compared with nine communities in a multi-state region: Boise, ID; Cedar Rapids, IA; Des Moines, IA; Fargo, ND; Fort Collins, CO; Lincoln, NE; Madison, WI; Omaha, NE; and Rochester, MN.

In general, Sioux Falls compares favorably with its peers in terms of growth, unemployment, and overall housing affordability. Although Sioux Falls ranks sixth among the comparison group in population size, it ranks third for population growth. Sioux Falls also boasts a very low unemployment rate: Even though all of the comparison cities rank near the top nationally for low annual average unemployment, Sioux Falls still falls near the top of the list, tying Lincoln, NE for second place, just behind Fargo. However, in spite of very low unemployment, wages in Sioux Falls are relatively low. The Sioux Falls MSA ranked eighth out of ten comparison MSAs in terms of average weekly wage. The average wage in the MSA was \$863 per week, or about \$44,900 annually at full-time, year-round employment.

Nationally, Sioux Falls ranks among the most affordable communities for renters (187 of 208, with 1 being most expensive) and in the middle of the pack for homeowners (112 of 208). That national *Paycheck to Paycheck* report estimated the annual income needed to afford the median priced house in Sioux Falls in 2015 was \$43,500, while an income of about \$28,400 was necessary to afford a two-bedroom rental at fair market rent.

Even among its local peers, Sioux Falls is one of the most affordable cities. In terms of median housing costs relative to income, Sioux Falls the fourth most affordable community for homeowners, with the sixth lowest median home value and median homeownership costs at 17% of income. At \$745 per month, Sioux

Falls had the third lowest median gross monthly rent, behind Cedar Rapids and Fargo. However, with a higher median income in Sioux Falls, residents only needed to apply an average of 26% of income toward rent, making Sioux Falls the most affordable community in the group based on rent as a percent of income.

However, as this report makes clear, broad affordability comparisons based on median housing prices and median income obscure discrepancies that can be observed by examining price and income distributions. At the lowest end of the income distribution, most households in Sioux Falls struggle to find affordable housing.

## 8.1 PROJECTED DEMAND

The city of Sioux Falls already has a large under-supply of rental options serving very low income households. Based on income projections, the city is projected to add demand for up to 125 very affordable rental units per year and between 100 to 125 moderate rent units. This growth-generated demand is on top of the existing, pent-up demand that already is present.

By 2021, Esri projects that 40% of the households in Sioux Falls will have an annual income of \$75,000 or more, up from approximately 34% in 2016. Esri forecasts a decline in the proportion of households with an income between \$35,000 and \$75,000, from 35% to less than 30% of the population. Meanwhile, the percentage of households with an annual income below \$35,000 is expected to remain stable at approximately 30% to 31%. Although the percentage will remain stable, the absolute number of households in this income range will increase as the total population increases.

Over the next five years, the city of Sioux Falls can expect to add approximately 1,330 households annually. The four-county MSA as a whole is expected to add as many as 2,000 households per year. Household growth will result in growth-generated demand for ongoing housing construction activity, including both renter-occupancy and owner-occupancy units.

This study assumes that between 38% and 45% of the annual growth-generated demand in Sioux Falls will be for renter-occupancy housing. Based on the expected growth of 1,330 households in an average year in the City, this forms projected rental demand from approximately 500 to 600 households annually. Owner-occupancy housing demand from growth would be between 730 and 830 households per year.<sup>80</sup>

Some degree of over-production has probably occurred within the mid-to-high priced conventional rental segment, and recent construction may result in an increased level of near-term vacancy. However, new construction has been supported by shifting market demand. As more households are opting for rental housing than in the past, and housing developers are responding to these emerging tenure preferences. Historically, between 37% and 40% of all households in Sioux Falls have rented their housing, but since 2010, the rental tenure rate has been increasing.

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<sup>80</sup> It is important to note that the projected ranges for growth-generated demand do not necessarily match some of the other information presented elsewhere in this document, including Esri's income projections. In the opinion of the analysts, it is unlikely that the income distribution patterns will change as dramatically as indicated in the Esri data. Instead, it is assumed that income distributions will change much more gradually, and the distributed growth by income reflects this belief.

Currently, Sioux Falls has pent-up demand for about 3,600 units of very affordable housing with a monthly rent below \$500. Presumably, tenant-based rent assistance vouchers meet part of this need, but even with 1,800 to 1,900 vouchers in circulation, at least 1,700 households with incomes below \$20,000 do not have access to rental housing they can afford.

Although actual demand may fluctuate, annual growth-generated demand is expected to be distributed as follows:

**Table 8.1 Projected annual growth-generated demand for rental housing**

Income Range in 2016	Annual Demand from Growth	Affordable Target Rent Structure
Low Income annual income below \$25,000	100 to 125 households	Less than \$625
Low and Moderate Income annual income \$25,000-\$35,000	100 to 125 households	\$625 to \$875
Moderate to Higher Income \$35,000 or more	300 to 350 households	\$875 or more
Total	500 to 600 households	-

Source: Community Partners Research, Inc.

Table 8.2 is provided as a point of comparison. It shows the projected demand through 2015 as identified in the city's 2010 Housing Study. In total, the 2010 study estimated average annual demand growth of 460 to 480 households.

**Table 8.2 2010 Housing Study projected demand for rental housing to 2015**

Market segment	Calculated annual demand from growth	Level of pent-up demand
Extremely low income (<30% median income)	150 to 200 households	Extensive
Very low income (31 to 50% median)	25 to 50 households	Extensive
Tax credit households (<60% median)	50 to 120 households (some overlap with lower income groups)	Limited
Conventional rentals	280 to 320 households	Limited
Assisted living and senior housing with light services	40 to 50 households	Limited (except for significant demand for Medicaid-eligible assisted living)

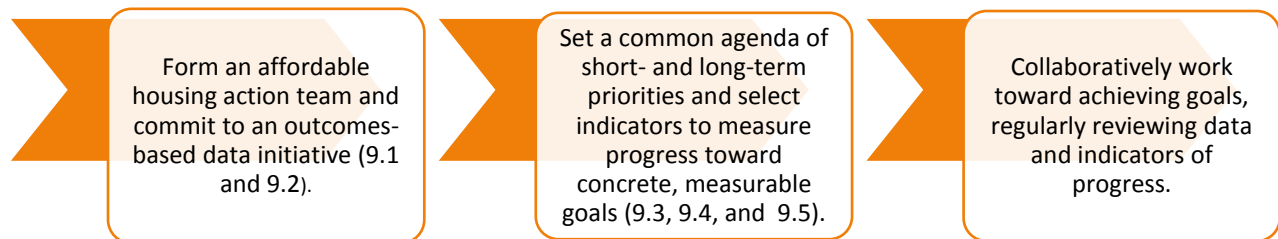
Source: Community Partners Research, Inc., Sioux Falls 2010 Housing Study



## 9 RECOMMENDATIONS

Based on the findings presented, affordable housing in Sioux Falls is a textbook example of an opportunity for collective impact to enhance coordination and collaboration among existing stakeholders. Findings indicate that, as a community, Sioux Falls is program rich but systems poor. As a result, clients and service providers alike find it difficult to navigate the system and find the help they need. Despite significant investments in a wide range of programs, evidence suggests needs go unmet and families fall through the cracks.

To facilitate coordination, a collective impact initiative could form an affordable housing action team to bring together stakeholders to set a common, data-driven agenda for addressing housing needs in Sioux Falls. The recommendations in sections 9.1 and 9.2 offer a roadmap for forming an action team and setting up an outcomes-based data initiative to drive its work. Among the affordable housing action team's first tasks would be setting a common agenda. The network could begin by reviewing and evaluating the recommendations in sections 9.3 through 9.5, choosing short- and long-term priorities, selecting indicators to measure progress, and setting concrete, measurable goals in each priority area.



Based on observed needs and client and stakeholder perspectives, the network might consider focusing initially on areas of greatest need, particularly households at or below 50% MFI and families with children. Evidence shows that low-income families with children face greater housing challenges due to larger family size, increased expenses, and a strong preference to live in quality housing in a safe neighborhood. Further, findings demonstrate that market forces and existing policies largely meet the needs of low income families, those at 60% to 80% MFI. However, unmet housing needs are evident among very and extremely low income families, those at or below 50% MFI. If current trends toward income polarization continue, the needs of these very and extremely low income households are expected to grow.

Very and extremely low income households represent about 12,362 households, or 22% of all households in Sioux Falls. They not only make up a significant proportion of the community's population, but also play a key role in the labor force. Over two-thirds (68%) of employees in Sioux Falls work in an occupation where the median wage falls below 50% MFI for a family of four. Among those below poverty (or about 30% MFI), half of all people are in the labor force, and over two-thirds of those without a disability are employed or looking for work. In short, housing that is affordable to very and extremely low income households is workforce housing. Without a sufficient supply of affordable housing for this segment of

the population, employers will find it increasingly difficult to recruit and retain employees at current wage levels.

This study also finds widespread community support for prioritizing the needs of families with children. By providing the stability necessary for children to thrive, affordable housing policy can help break the cycle of generational poverty.

## 9.1 ENHANCE COORDINATION AND COLLABORATION

As this study's findings reveal, when it comes to affordable housing, Sioux Falls is program rich but systems poor. Better coordination and collaboration could help break down programmatic silos and begin building up integrated systems to see families through from point of entry to stable support or self-sufficiency.

An affordable housing action team could bring together diverse stakeholders, including government representatives, service providers, housing developers, employers, and faith-based organizations. Research demonstrates that effective collaboration is best supported by a broad-based, collaborative organization made up of members from across the community.<sup>81</sup> Employers and the faith-based community could play an especially important role; both have an interest in improving delivery of affordable housing and related services. For employers, affordable housing is workforce housing that supports employee recruitment and retention. For many in the faith-based community, housing members of the community aligns with stated missions and ministries.

Historically, several Sioux Falls employers have offered housing-related programs, but to date, these offerings have not been sustained or well coordinated with other services in the community. For example, select employers gave low-interest loans to income-eligible employees through the Sioux Empire Housing Partnership's Employer Mortgage Assistance Program (EMAP). In 1999-2000, Avera McKennan Hospital worked with the Development Foundation and a coalition of suppliers and homebuilders to preserve houses displaced by hospital expansion by creating the Lacey Park Development. Going forward, an affordable housing action team may want to consider working with employers to explore creative ways to make affordable workforce housing available for current and prospective employees.

Several organizations within the faith-based community have begun working to better coordinate faith-based groups interested in affordable housing. For example, around 60 churches currently contribute to The Community Outreach, giving a total of around \$250,000 annually. Empower, an initiative of the Sioux Falls Ministry, is organizing churches around addressing poverty and increasing mentorship. The Sioux Falls Ministry has also partnered with Lloyd Companies to construct a tax credit property; currently, through their Hezekiah House proposal, they are also exploring the possibility of leveraging community support and donations to build debt-free transitional housing. As another example, the Highland Five Homes, managed by the Sioux Falls Housing and Redevelopment Commission, were built on land leased from Sioux Falls Wesley United Methodist Church. These examples are not exhaustive of all of the work being done by faith-based organizations, but rather demonstrate the potential of collaboration with this important sector of the community.

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<sup>81</sup> Örjan Bodin, Annica Sandström, and Beatrice Crona, "Collaborative Networks for Effective Ecosystem-Based Management: A Set of Working Hypotheses," *Policy Studies Journal*, 2016, <http://onlinelibrary.wiley.com/doi/10.1111/psj.12146/pdf>.

Ultimately, a broad and inclusive action team could bring together employers, faith-based organizations, and existing participants in the affordable housing ecosystem. From this broad coalition, subgroups might be formed in order to address more specific problems within affordable housing. The ecosystem analysis suggests beginning with a revitalization subgroup, a housing development subgroup, and a supportive services subgroup. However, it is imperative that subgroups are united under an umbrella organization that moves away from programmatic silos and toward effective systems. The broad-based action team must include actors from different sectors focused on different aspects of affordable housing, all brought together to define a common agenda.

Best practices suggest that the action team meet frequently (e.g., monthly) and regularly review data and indicators to measure efficacy.

## 9.2 COMMIT TO AN OUTCOMES-BASED DATA INITIATIVE

Successful collaboration requires agreeing on a shared set of outcomes and collecting objective data to measure progress toward those outcomes. As one of its first tasks, the action team might consider selecting outcomes of interests (i.e., setting a common agenda), working with a research team to identify indicators aligned with those outcomes, reviewing baseline data on those indicators, and setting goals for progress as measured by those indicators.

The table below illustrates a potential outcome of interest aligned with an indicator and goal.

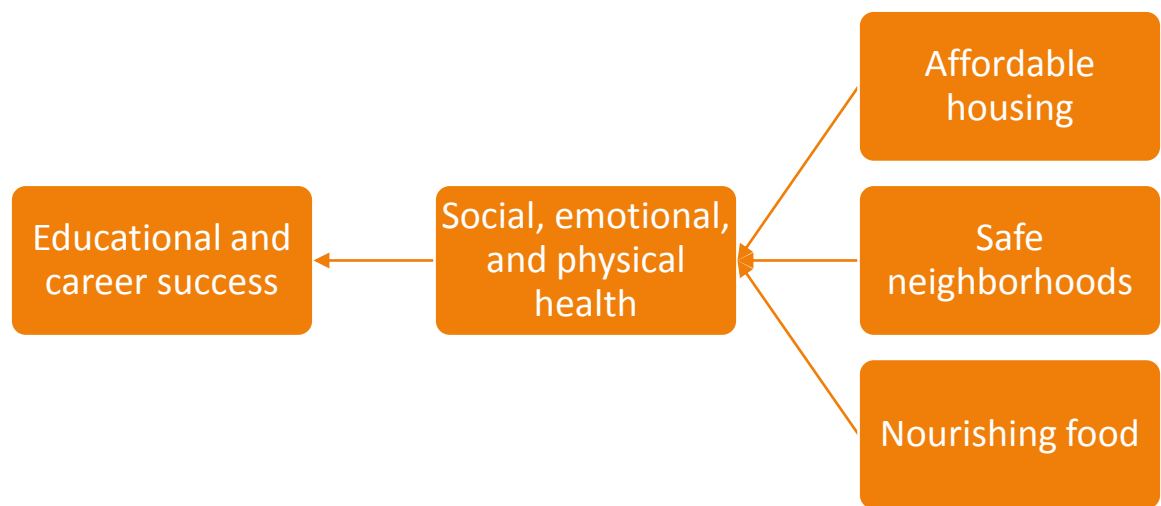
**Table 9.1 Aligned outcome, indicator, and goal**

Outcome Area	Indicator	Goal
Homeless children	Sioux Falls School District McKinney-Vento homeless count	Reduce the number of homeless children as measured by the McKinney-Vento homeless count by 25% within 5 years.

In this example, the action team has chosen to focus on homeless children as their outcome of interest. They will focus on finding ways to reduce the number of homeless children in Sioux Falls. In order to measure progress, they will use as an indicator the Sioux Falls School District's annual McKinney-Vento count of homeless students, which in 2016 was 937. They have set a quantifiable, time-bound goal that is ambitious enough to inspire action: they aim to reduce the number of homeless children by 25% within 5 years. That would mean reducing the number of homeless children to about 700, a level not seen since before the 2008 economic downturn.

This report finds significant community interest in addressing affordable housing as part of cradle-to-career workforce development. Affordable housing is a contextual factor that helps lay the groundwork for children, families, and employees to thrive. As examples, other contextual factors might include safe neighborhoods or nourishing foods. Contextual factors support contributing factors, which mediate the relationship between context and core cradle-to-career outcomes. For instance, social, emotional, and physical health might be understood as contributing factors that support educational and career success, which are core outcomes.

Figure 9.1 Core, contributing, and contextual factors



As such, the action team might consider ways in which affordable housing outcomes align with core cradle-to-career outcomes. The table below shows how housing outcomes feed into cradle-to-career outcomes. At a contextual level, affordable housing initiatives help ensure that all children in Sioux Falls live in decent, safe, and sanitary affordable housing. That affordable housing outcome is one piece of the contributing outcomes in the middle column that help ensure all children in Sioux Falls have the resources they need to thrive and to be ready to learn. Once the contextual and contributing factors are in place, children will have the foundation they need to achieve their optimal educational and career potential.

**Table 9.2 Cradle-to-Career Core, Contributing, and Contextual Outcomes and Indicators**

	Core	Contributing	Contextual
<b>Outcome</b>	All children in Sioux Falls achieve their optimal educational and career potential.	All children in Sioux Falls have the resources they need to thrive and to be ready to learn.	All children in Sioux Falls live in decent, safe, and sanitary affordable housing.
<b>Indicators</b>	<p>Third grade reading scores</p> <p>Eighth grade math scores</p> <p>High school graduation rates</p>	<p>Number of enrollments per year (change in address)</p> <p>Gallup student poll hope module</p> <ul style="list-style-type: none"> <li>• I know I will graduate from high school.</li> <li>• I have a great future ahead of me.</li> <li>• I can think of many ways to get good grades.</li> <li>• I have many goals.</li> <li>• I can find many ways around problems.</li> <li>• I have a mentor who encourages my development.</li> <li>• I know I will find a good job in the future.</li> </ul>	<p>Short term: Connect families with resources.</p> <ul style="list-style-type: none"> <li>• Homeless students as a percent of enrolled students</li> <li>• Number of homeless families</li> <li>• Family shelter nights</li> <li>• Average shelter length of stay</li> </ul> <p>Long term: Reduce demand for affordable housing by transitioning families to self-sufficiency while ensuring the supply of affordable housing meets demonstrated needs.</p> <ul style="list-style-type: none"> <li>• Children as percent of voucher waiting list</li> <li>• Number of families transitioned to self-sufficiency (program-level data or Network of Care or months since move-in for subsidized housing)</li> <li>• Supply and demand for affordable housing by income level (households versus units)</li> <li>• Apartment vacancy rate</li> <li>• Percent of income paid for housing and cost burden (paying over 30% of income for housing) by income level</li> <li>• Housing that is inadequate or overcrowded</li> <li>• Rate of change in housing costs versus income</li> <li>• Home purchase affordability gap for buyers with median renter and household incomes</li> <li>• Home ownership rate</li> </ul>

Affordable housing is also a contextual factor in workforce and economic development. As they encourage participation from the business community, the action team may also consider aligning outcomes and indicators in affordable housing and workforce development. For example, stable housing might reduce employee tardiness or late shifts or improve customer service.

The action team might consider working closely with existing data initiatives in the community and with researchers to gather data or, where existing data do not adequately measure outcomes of interest, to work with researchers to design new indicators. This report might serve as a baseline measurement of the state of affordable housing in Sioux Falls, but the action team may want to pursue additional research where necessary. For example, this study finds interest among stakeholders in gathering better data on affordable housing residents' tenure or length of stay, successful program completion, shelter or program recidivism, progress toward self-sufficiency, and maintenance of self-sufficiency over the long term.

The action team would have a significant opportunity to improve data and measurement by working closely with the Sioux Empire Network of Care, a new information management system that will allow providers across service organizations to track clients' needs, outcomes, and points of contact with the social service system. Although the Network of Care is still in pilot stage, its data could be used to better track client outcomes at a community-wide level.

### 9.3 DECREASE DEMAND FOR AFFORDABLE HOUSING BY MOVING FAMILIES TOWARD SELF-SUFFICIENCY AND ADDRESSING UNDERLYING PROBLEMS

As this study's findings make clear, meeting the community's need for affordable housing does not just mean building units. Rather, affordable housing stakeholders must provide the supports and services necessary to move families toward self-sufficiency and to ensure that affordable housing initiatives are a hand up, not a hand out. Empirically, supportive services help families improve their incomes and build assets, reducing overall demand for housing assistance.<sup>82</sup>

#### 9.3.1 Streamline the housing search process to connect families to existing resources

A streamlined housing search process would make it quicker and easier for families to locate, apply for, and gain access to affordable housing. Sioux Falls is a generous community with a wealth of existing resources for families seeking affordable housing. By streamlining the housing search process, the action team could connect families to programs and housing that already exists. Specifically, the action team could oversee the development of a housing clearinghouse that creates a single point of entry into the existing ecosystem of housing resources. The housing clearinghouse might include a searchable database of affordable housing, a common application and waiting list, and a designated housing specialist to assist both clients and service providers in identifying and accessing existing resources.

The housing clearinghouse could enable clients and service providers to search for available affordable housing that meets their needs and eligibility. Existing tools could be adapted to meet this need. The South Dakota Housing Development Authority already sponsors a web-based housing search tool at [www.SDHousingSearch.com](http://www.SDHousingSearch.com) that allows users to narrow searches based on location, amenities, income or age restrictions, unit size, rent level, accessibility, and other criteria. However, neither clients nor

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<sup>82</sup> Brett Theodos et al., "The Challenge of Targeting Services: A Typology of Public-Housing Residents," *Social Service Review* 86, no. 3 (September 2012): 517–44.

stakeholders reported using this tool to search for housing, though it remains unclear whether that is because they are unaware of it or because they find it inaccurate or inadequate.

The Helpline Center is another existing tool, and one with which clients and stakeholders are very familiar. The Helpline Center already works as a clearinghouse to connect residents to community resources, so it would be well positioned to either house or support a housing clearinghouse. With the launch of the Sioux Empire Network of Care, the Helpline Center will likely have the technical capacity to create and store a list of affordable market rentals, coded by whether the landlord accepts tenants with criminal records, poor credit or rental history, or other characteristics that make finding housing difficult. The database could also track vacancies centrally so that shelters, case managers, and other participating service providers could quickly check for available units.

The housing search process could be further streamlined by creating a common application and waiting list for project-based subsidized housing. Other cities have adopted this approach. In Denver, for example, the public housing authority maintains three waiting lists for subsidized housing: one for housing with children, one for elderly, and one for disabled. Interested applicants submit an interest card to these consolidated waiting lists. When they reach the top of a waiting list, they are notified and asked to complete a full application, followed by an interview and background check. Those whose applications are approved are placed on a waiting list by bedroom size, then notified as vacancies become available. Instead of applying to each project individually, applicants save time and effort by filling out a single application for the first available subsidized unit that meets their needs.

A housing action team might consider the feasibility of adopting a similar approach for applications to affordable market rate or tax credit properties. Different buildings have different application requirements depending on funding streams, but a consolidated application process could help clients and property managers alike more efficiently fill vacant units.

Finally, the action team might consider the possibility of creating an affordable housing locator position housed within one of the participating organizations. The locator would help clients and service providers navigate the housing search process. The locator could reduce the strain on case workers of locating housing for clients, thereby freeing their time to focus on clients' other needs. The locator could also be charged with outreach to landlords to improve goodwill and facilitate placement of difficult-to-house individuals or families. A sample job description is included in the appendix.

### 9.3.2 Build on successful service collaborations to expand supportive services

Best practice research in affordable housing finds that secure housing coupled with supportive services improves outcomes for clients by providing “both roots and wings—roots that allow affordable housing residents to settle comfortably into a home and neighborhood and wings that enable these residents to achieve socioeconomic mobility.”<sup>83</sup> Although some families just need temporary financial assistance to get back on their feet, many families—especially homeless and extremely low income families—have multi-dimensional needs that cannot be addressed by housing assistance alone. For these families,

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<sup>83</sup> Mai Thi Nguyen, William M. Rohe, and Spencer Morris Cowan, “Entrenched Hybridity in Public Housing Agencies in the USA,” *Housing Studies* 27, no. 4 (June 2012): 457–75, doi:10.1080/02673037.2012.677998.

supportive services can help address underlying needs contributing to housing problems as well as build assets to move families toward self-sufficiency.

Collaboration and commitment to an outcomes-based data initiative will help maximize the impact of supportive services. Although expanding services will require increased investment, efficiencies can be realized through enhanced collaboration and coordination. For instance, streamlining the housing search process could reduce the time and effort that case managers devote to finding housing for families, allowing them to focus more attention on addressing families' underlying problems. Further, research suggests that providing supportive services creates community cost trade-offs by reducing hospitalizations, substance abuse, and criminal activity.<sup>84</sup> Going forward, outcomes-based data will allow service providers to monitor efficacy, target efforts, and improve programs in order to move as many families as possible toward self-sufficiency, reducing overall demand for housing assistance.

In Sioux Falls, several promising service collaborations, such as Synergy and Bright Futures, suggest local templates for coordinating efforts to increase community impact. Synergy brings together case managers from Minnehaha County Human Services, Interlakes Community Action Partnership, St. Francis House, and Community Outreach at weekly meetings to discuss referrals of homeless families and determine the best fit for each case. Synergy applicants fill out a unified application form, which is available at several locations. The program currently handles a case load of about 20 families per week. Bright Futures is a collaborative effort of Interlakes Community Action Partnership, Sioux Falls Community Development, and the Sioux Falls Housing and Redevelopment Commission. The program provides up to 24 months of rental assistance coupled with case management. Bright Futures serves around 60 households annually.

This study finds that these existing service collaborations are seen by the community as successful demonstrations of the potential for organizations to work together to meet clients' needs. However, this study also finds a need for outcomes-based study of these programs as implemented locally in order to determine how effectively they move participants toward self-sufficiency. Conducting such research locally would allow the affordable housing action team to identify the most important and effective components of these programs as they exist in Sioux Falls in order to expand or model them in order to reach more clients.

Research in other communities suggests that programs like Bright Futures (i.e., scattered site supportive housing with intensive case management) are a cost-effective way to reduce homelessness, provide stable housing, and transition families toward self-sufficiency.<sup>85</sup> However, that research is based on housing first programs, which do not require sobriety, medication compliance, or a significant level of service engagement from participants. Further research in Sioux Falls could consider, for example, the effects of strict program rules in transitional housing programs. In focus groups, stakeholders raised concerns that program participants may fail out of programs more often than they achieve self-sufficiency. Research in other communities supports a housing first approach to supportive housing as a best practice for those who are chronically homeless or who have been diagnosed with serious mental illness or substance abuse disorders because it removes the threat of losing housing if clients relapse or refuse services; instead,

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<sup>84</sup> Vicky Stergiopoulos et al., "Effect of Scattered-Site Housing Using Rent Supplements and Intensive Case Management on Housing Stability Among Homeless Adults With Mental Illness: A Randomized Trial," *JAMA* 313, no. 9 (March 3, 2015): 905, doi:10.1001/jama.2015.1163.

<sup>85</sup> Ibid.



housing first adopts a harm reduction approach, which empirically reduces clients' fear and increases trust, improving relationships between clients and case managers. As a result, housing first has been shown to increase housing retention, reduce hospitalizations, reduce substance abuse, and reduce involvement in criminal activity.<sup>86</sup> Following housing first principles, the affordable housing action team may want to consider ways to minimize the hurdles for families with multidimensional needs to access housing and services.

By leveraging community partnerships, the affordable housing action team could further expand the range of supportive housing options available to clients. In other communities, volunteers and community donors have come together to develop integrative supportive housing projects that offer a continuum of housing options in a single project. They might combine, for example, shelter, pay-to-stay, affordable rental units, and sometimes even market rate housing with medical services or employment counseling on site. Examples include Salt Lake City's Grace Mary Manor and Sunrise Metro as well as Hennepin County's Dorothy Day Center and Higher Ground Housing. In Charlotte, NC, a mixed-income housing development demonstrates the potential of bringing together diverse community partners: the development centers around a park and community center, which hosts local non-profits that provide services such as day care and afterschool programming as well as mentoring. The project was funded with a mix of HOPE VI grant funds, tax-exempt bonds, Section 202 for senior housing units, tax credits, funding from the city for infrastructure funding, and funding from the parks department for the park and community center. All told, the original \$34.7 million HOPE VI grant leveraged over \$95 million, over half of which was private-sector investment.<sup>87</sup>

Another potential partnership model that could be used to expand supportive housing is a master lease program. A master lease is a multiyear, fixed-price contract between a property owner and public or private non-profit sponsor organization. The owner provides lower rents in exchange for the benefits of guaranteed cash flow and protection against vacancy and turnover costs. The sponsor organization, in turn, can use units to provide transitional housing. In some master lease models, the sponsor organization reserves some units to lease at higher but still affordable prices or even at market rate to help balance costs.<sup>88</sup>

Finally, recognizing that resources are limited and that not all families need intensive supportive services, the affordable housing action team could encourage service providers to develop assessment tools to inventory family assets and needs and to focus case management on those likely to benefit the most. Many programs have already developed assessment tools, which could be shared with or adapted by other programs. For example, the Synergy program uses a matrix that measures a client's needs across 23 domains, categorizing each on a 4-point scale from *In Crisis* to *Building Capacity / Empowered*.

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<sup>86</sup> Dennis P. Watson, Dana E. Wagner, and Michael Rivers, "Understanding the Critical Ingredients for Facilitating Consumer Change in Housing First Programming: A Case Study Approach," *The Journal of Behavioral Health Services & Research* 40, no. 2 (April 2013): 169–79, doi:10.1007/s11414-012-9312-0.

<sup>87</sup> Nguyen, Rohe, and Cowan, "Entrenched Hybridity in Public Housing Agencies in the USA."

<sup>88</sup> Andrew Jakabovics and Allison Charette, "Staying in Place to Get Ahead: Creating Renter Stability through Master Leases with Built-in Savings Accounts" (Enterprise Community Partners, Inc., June 2016), [https://s3.amazonaws.com/KSPProd/ERC\\_Upload/0101107.pdf](https://s3.amazonaws.com/KSPProd/ERC_Upload/0101107.pdf).

Research demonstrates that prioritizing needs based on such tools can increase the efficacy and efficiency of supportive services by allowing service providers to tailor their approach to client needs. In one study, researchers categorized client needs into three categories: strivers, high risk, and severely distressed. Strivers, who had relatively good mental and physical health and some connection to the labor market, were difficult to engage in services because they were uninterested or unavailable. They bristled at intensive case management, but benefited from light-touch support to ensure they were able to maintain gains and sustain progress toward self-sufficiency (e.g., monthly or quarterly contact from a case manager or employment services, childcare support, and continue educational opportunities). At the other end of the spectrum, severely distressed clients have fragile health and no connection to the labor market; they are unlikely to achieve economic self-sufficiency. Instead, research suggests that a harm reduction approach is most beneficial: It helps severely distressed clients remain stable and avoid becoming homeless. It may also prevent their children from being removed from the home. For severely distressed clients, research suggests providing permanent, supportive housing with intensive on-site services, including parenting support, childcare, and afterschool services for those who have custody of children or grandchildren. Between strivers and severely distressed clients are high risk families, those whom intensive case management is most likely to benefit. For high risk families, case management provides a stable environment for children, helps residents maintain housing and avoid homelessness, and moves families toward self-sufficiency. These families are most likely to benefit from programs like Bright Futures that combine housing and case management.<sup>89</sup>

The action team could also explore the possibility of sharing needs assessments through the Network of Care. Although administering assessment tools can be time-intensive, it allows service providers to more efficiently allocate scarce resources, and that efficiency could be increased further by encouraging service providers to share assessment results. Sharing client information would require careful attention to clients' legal rights and privacy protections; however, as organizations come on board the Network of Care, they are already being asked to negotiate those legal requirements and put in place systems and procedures that will facilitate information sharing. By sharing assessments, programs could also better track participant outcomes.

### 9.3.3 Help families build a financial cushion and establish good credit history

Financial assistance may help families get by, but building assets helps them get ahead. As part of the effort to move families toward self-sufficiency, the affordable housing action team could collaborate with local employers and financial institutions to develop programs or policies that encourage low income families to save and become banked. Approximately 13,000 households in Sioux Falls are unbanked or underbanked and would benefit from better access to mainstream financial institutions and savings opportunities. More specifically, research show that matched savings programs and lending circles—coupled with financial education and access to low-cost deposit accounts—help low income families and individuals build assets, improve credit, secure housing, and achieve self-sufficiency.

Matched savings accounts, sometimes referred to as individual development accounts (IDAs), encourage families to save by matching contributions up to a given dollar amount. They are typically funded by government, private contributions, the United Way, foundations, or other non-profits. Often, IDAs require participants undergo financial education, and they carry restrictions on how the saved money can be used

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<sup>89</sup> Theodos et al., "The Challenge of Targeting Services."

(e.g., only toward homeownership or education) and caps on matching, which function as savings goals for participants.<sup>90</sup>

Savings goals can be very modest: families who save just \$25 per month would, after a one-to-one match, have set aside \$600 by the end of the first year. Studies show that extremely low income households can and do achieve this savings level when given the structure and support to do so; further, evidence suggests that building even a small savings cushion (as small as \$250 to \$749) puts families at a lower risk of being evicted, missing a housing or utility payment, or receiving public benefits after a job loss, health issue, or large income drop. Saving's protective effect is so strong, in fact, that studies have found low-income families with moderate savings (just \$2,000 to \$4,999) are more financially resilient than middle-income families without savings. They are less likely to experience financial hardship when income is interrupted; in other words, they are better able to weather unemployment or unexpected expenses, the very types of unforeseen circumstances that could otherwise drive families into homelessness.<sup>91</sup>

Savings programs can be coupled with financial education, low-cost deposit accounts, and bank-based small-dollar loans to increase underserved groups' participation in mainstream financial markets. Becoming banked can improve a family's well-being, stability, and security.<sup>92</sup> Research shows that families with bank accounts are better able to build assets and create wealth; they are also less susceptible to theft and discriminatory or predatory lending, and they gain access to federal and state consumer financial protections plus financial safety nets that guard against unforeseen expenses or job loss.<sup>93</sup>

Finally, an affordable housing action team could help low income families improve their credit by continuing to support existing credit counseling programs and by exploring innovative approaches, such as lending circles. Pioneered by the Mission Asset Fund, lending circles offer low-income families zero-interest loans coupled with mandatory online financial training classes and credit bureau reporting. They help participants build credit and access affordable, small dollar loans as an alternative to predatory lenders. Each participant in the lending circle makes the same monthly payment (ranging from \$50 to \$200), and payments are reported to credit bureaus so participants can build a positive record of payment. The loan rotates each month to a different participant. For example, 10 people might come together and decide on a \$1,000 loan. The first month, participant 1 receives a \$1,000 loan and each of the circle

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<sup>90</sup> Michael Sherraden, "IDAs and Asset-Building Policy: Lessons and Directions," No. 08-12, CSD Working Papers (St. Louis, MO: Center for Social Development at the George Warren Brown School of Social Work at Washington University in St. Louis, 2008),

<http://www.usc.edu/dept/chepa/IDApays/publications/IDAs%20and%20asset%20building%20policy.pdf>.

<sup>91</sup> Signe-Mary McKernan et al., "Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities," Opportunity and Ownership Initiative (Urban Institute, April 2016), <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000747-Thriving-Residents-Thriving-Cities-Family-Financial-Security-Matters-for-Cities.pdf>.

<sup>92</sup> Jeanne Hogarth, Chris E. Anguelov, and Jinkook Lee, "Why Don't Households Have a Checking Account?," *The Journal of Consumer Affairs* 38, no. 1 (Summer 2004): 1–34; "A Template for Success: The FDIC's Small-Dollar Loan Pilot Program," *FDIC Quarterly* 4, no. 2 (2010): 28–41.

<sup>93</sup> Sherrie L. W. Rhine and William H. Greene, "Factors That Contribute to Becoming Unbanked," *Journal of Consumer Affairs* 47, no. 1 (Spring 2013): 27–45; Sherrie L. W. Rhine, William H. Greene, and Maude Toussaint-Comeau, "The Importance of Check-Cashing Businesses to the Unbanked: Racial/Ethnic Differences," *The Review of Economics and Statistics* 88, no. 1 (2006): 146–57; Katie Fitzpatrick, "Does 'Banking the Unbanked' Help Families to Save? Evidence from the United Kingdom," *Journal of Consumer Affairs* 49, no. 1 (March 2015): 223–49.

members makes a \$100 payment. The second month, participant 2 receives a \$1,000 loan and each of the circle members again makes a \$100 payment.

This study finds that, for people in Sioux Falls, savings and banking are key intervention points to improve both financial security and housing access. For Sioux Falls families, lack of income and savings are significant risk factors for insecure housing and homelessness. This study finds that families with bad credit have trouble securing housing, and so do families with no credit or no bank history. For low income families, lack of savings increases the risk of entering an eviction cycle. Being evicted is a major risk factor for homelessness: households with imperfect rental histories often struggle to find housing. This study's findings suggest that increasing family savings would reduce residential mobility for children and help children build stable social networks in their schools and neighborhoods.

Lack of bank access is a widespread risk factor for low income and Native American families. In Sioux Falls, an estimated 12,775 households are underbanked (had a bank account but also used alternative financial services) and another 300 are completely unbanked (had neither a checking nor savings account). Among all South Dakotans, 4.2% were unbanked in 2013, with 19.9% underbanked. However, among Native Americans in South Dakota, 26.6% were unbanked and 44% were underbanked. Among families with income less than \$15,000, 17.8% were unbanked and 23.2% were underbanked. Even among families making between \$15,000 and \$30,000 annually, 4.1% were unbanked and 29.5% were underbanked. In South Dakota, people with disabilities were also more likely to be unbanked: 10.7% were unbanked and 39.7% were underbanked.<sup>94</sup> Families are also at increased risk of losing bank access if they lose employment, income, or health insurance coverage.<sup>95</sup>

National studies confirm that underbanked families who rely on alternative financial services (e.g., non-bank check cashers, payday lenders, or pawn shops) have a hard time building wealth, gaining education and skills, and becoming homeowners. Underbanked low-income families pay disproportionately higher financial transaction costs because alternative financial services come with high fees.<sup>96</sup> A study of working families with children found that unbanked families are more likely to experience material hardship (i.e., inadequate consumptions of food, housing, clothing, medical care, and other basic needs). As a consequence, the study finds, unbanked families are almost 10 percentage points more likely to fall behind on rent or their mortgage, to be evicted, or to share housing with a family member or friend in order to lower housing costs, to send a child to stay with someone else, or to have to stay in a homeless shelter for financial reasons.<sup>97</sup>

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<sup>94</sup> "FDIC National Survey of Unbanked and Underbanked Households: Unbanked and Underbanked for South Dakota, 2013 by Selected Household Characteristics" (Washington, DC: Federal Deposit Insurance Corporation, October 2014), [https://www.economicinclusion.gov/surveys/2013household/documents/tabular-results/2013\\_banking\\_status\\_South\\_Dakota.pdf](https://www.economicinclusion.gov/surveys/2013household/documents/tabular-results/2013_banking_status_South_Dakota.pdf).

<sup>95</sup> Rhine and Greene, "Factors That Contribute to Becoming Unbanked."

<sup>96</sup> M.S. Barr, "Banking the Poor," *Yale Journal on Regulation* 21 (2004): 121–237.

<sup>97</sup> Younghee Lim, Michelle Livermore, and Belinda Creel Davis, "Material Hardship among Banked and Unbanked Earned Income Tax Credit Eligible Families," *Journal of Poverty* 14, no. 3 (n.d.): 266–84.

### 9.3.4 Leverage community partnerships to increase access to jobs

Steady employment promotes housing stability, and housing in turn promotes workforce stability. Recognizing the symbiotic relationships between housing and labor, employers need to be included in the affordable housing action team. Likewise, those who support employment (educational institutions, childcare providers, transportation providers) could also be included.

The action team may want to consider supporting partnerships that would provide additional education and training opportunities for low-income individuals who are able to work. Partnerships between local educational institutions and employers could provide entry-level employees with opportunities for building skills and moving forward in careers with high labor demand. Employer-supported training opportunities could help parents earn credentials that allow them to advance in careers in increase their earning power. Continuing education would also reinforce to children the importance of earning.

New educational and training opportunities could help employers by expanding the supply of human capital in the Sioux Falls labor market. The action team might especially consider opportunities to facilitate trade union apprenticeships in the building trades in order to increase labor in trades and reduce housing costs.

In order to ensure low-income families can make the most of educational and employment opportunities, the action team might consider ways to ensure families can access employment and services by improving transportation linkages, locating affordable housing in walkable neighborhoods, or dispersing service centers. In order to achieve self-sufficiency, families must have access to employment and supportive services. Most families in Sioux Falls have cars, though about 9.2% of working-age renters do not have a car or prefer not to drive. They must be able to walk or rely on public transportation to access both work and services. Even when public transportation linkages exist, excessive travel time takes away from time parents could spend at work or supervising children.

In most families in need of affordable housing, parents are employed. However, these parents face a tradeoff between employment and paying for childcare or housing. Ensuring access to affordable childcare would help working parents make ends meet while providing for the safety and development of their children. The action team might consider evaluating the sufficiency of existing childcare options and, as necessary, expanding access to affordable childcare so that families can better balance employment, housing, and childcare. To do so, the action team might explore partnerships with neighborhood churches, which could provide childcare services or lease inexpensive space for current providers to expand existing home-based childcare offerings, or with larger employers, who could offer on-site childcare for employees.

## 9.4 INCREASE THE SUPPLY OF QUALITY AFFORDABLE HOUSING THROUGH PUBLIC-PRIVATE PARTNERSHIPS AND INNOVATIVE FUNDING MECHANISMS

This study finds significant housing gaps for extremely low income families who earn less than 30% of area median family income and for large families who need three or more bedrooms. Households in these categories are at increased risk for homelessness, and for families with children, that risk is higher still. Existing programs and the open market do not meet the needs of households in these categories. Filling these gaps will require community investment.

Making units affordable for these families will require larger equity investments in new developments or incentives to make existing units or single-family homes available and affordable. Local government could also consider focusing any new requirements or incentives on providing units for households in these categories.

#### 9.4.1 Increase equity investments by coordinating support from public, nonprofit, and for-profit sectors

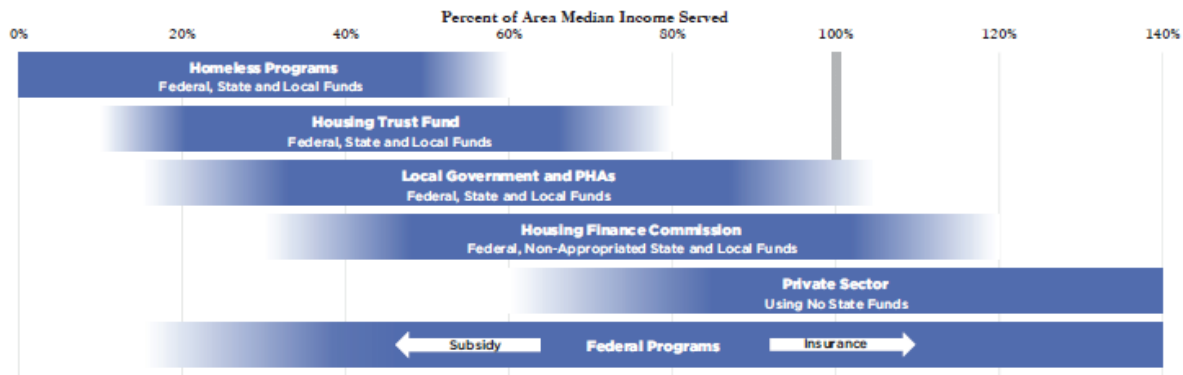
By increasing equity available up front, developers can reduce financing costs and pass on savings to residents in the form of more affordable rents or home prices. Equity investments are more sustainable than housing subsidies because a one-time, upfront equity investment can permanently reduce the cost of a unit, reducing the need to provide ongoing subsidies to households that cannot afford available units.<sup>98</sup>

In other communities, housing trust funds and community land trusts have both proven successful means of creating shared equity to create and maintain affordable housing. However, setting up either a housing trust fund or community land trust would require an initial community investment. The idea of a housing trust fund has been proposed in Sioux Falls in the past, but failed to gain traction. However, given current commitment to addressing affordable housing and workforce development, support may be more forthcoming. Because an adequate and sustainable supply of affordable housing is key to economic development, the community, and especially the business community, have an interest in making that investment. The affordable housing action team could begin to coordinate community financial support by creating a high-profile, community-wide, public-private affordable housing initiative or capital campaign for affordable housing.

A local housing trust fund could help close the housing gap. In Sioux Falls, current funding streams do not support an adequate supply of units for very and extremely low income families (i.e., those at less than 50% MFI). Most affordable housing projects require multiple layers of funding; providing deeper subsidies or cash flowing very affordable units will require either increasing the funding available in existing layers or adding layers. Housing trust funds can provide gap funding that makes it feasible for developers to construct units for very and extremely low income households. A local housing trust fund would augment state and federal funding to create a stable funding pool insulated from the appropriations process in order to increase the supply of units for extremely low income households.

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<sup>98</sup> For more information, see the Center for Housing Policy's suite of materials on shared equity homeownership at <http://www.nhc.org/housing/sharedequity>

**Figure 9.2 Layers of funding for affordable housing**

Source: Washington State 2015 Affordable Housing Needs Assessment

Community land trusts offer another approach to shared equity, one more suited to encouraging homeownership. In Sioux Falls, a community land trust could help meet the need for more affordable starter homes. Community land trusts have succeeded in nearby communities similar to Sioux Falls, including several in communities in Minnesota as well as the Black Hills area.

Community land trusts separate the cost of a single-family home from land price and place sales restrictions on land trust homes to ensure that properties remain affordable for future households. For instance, the Northern Communities Land Trust in Duluth, Minnesota caps a home's resale price so that sellers can capture up to 30% of its market appreciation. Typically, land trusts also place eligibility restrictions on buyers (e.g., only first-time buyers or only buyers with incomes below 80% MFI) and may require participants take homebuyer education classes.

Community land trusts effectively lower the purchase price of a home to make homeownership affordable for more families. For instance, the Dakota Land Trust in the Black Hills is able to save homebuyers between \$26,000 and \$35,000. In this way, community land trusts effectively reach a wide spectrum of low income households. A study of seven shared equity programs across the country found that participants' median incomes ranged from 35% to 73% MFI. Community land trusts are also able to maintain that affordability over the long term. The same study found that, in most programs, the average real required minimum income to purchase a land trust home increased by no more than about 2.0% per year.<sup>99</sup>

Studies of community land trusts indicate that they successfully transition low-income families toward self-sufficiency. They create wealth and preserve affordability for low-income households; in many cases, community land trust homes enable owners to build enough wealth to go on to market-rate homeownership. Owners gain a share of the home's appreciation, recover their original down payments, and also benefit from the forced savings that results from principal payments made on a mortgage or from recouping costs from capital improvements. One study of a community land trust found that

<sup>99</sup> Kenneth Mark Temkin, Brett Theodos, and David Price, "Sharing Equity with Future Generations: An Evaluation of Long-Term Affordable Homeownership Programs in the USA," *Housing Studies* 28, no. 4 (June 2013): 553–78, doi:10.1080/02673037.2013.759541.

residents entered with lower incomes than renters in surrounding areas, but gained employment and education during their time in a land trust home.<sup>100</sup>

Community land trusts can also be an effective tool for neighborhood revitalization because residents gain a sense of ownership and become invested in their homes and neighborhoods. In several studies, community land trust residents report higher satisfaction than similar renters, plus a greater sense of security. Research on similar shared equity models suggests community land trusts may also increase social capital (i.e., social connections, support, and a sense of community) and decrease crime rates.<sup>101</sup>

Community land trusts have also proven to be an effective way to keep people housed. Whereas some evidence suggests that half of all low-income homebuyers fail to remain homeowners 5 years later, a study of three community land trusts found that 90% of buyers were still homeowners after 5 years.<sup>102</sup> In short, community land trusts can be an effective way to help low income families build wealth while creating a permanent stock of affordable housing.

Challenges to creating a community land trust include initial funding to form the trust and ongoing administrative costs. Once land trusts are large enough, they can become self-sustaining as the trust captures a portion of appreciated value at resale or earns lot rent, but they tend to struggle during periods when housing prices are in decline. Community land trusts also depend on available financing and finding lenders willing to work with shared equity mortgage products.

#### 9.4.2 Create regulatory or tax incentives for affordable housing

Local government has an important role to play, in cooperation with the affordable housing action team. Government can, for example, bring its funding priorities in line with the common agenda defined by the action team. Additionally, local government can create regulatory or tax incentives to encourage the construction of affordable housing.

First, tax incentives can encourage homeowners and landowners to improve the quality and condition of affordable housing. The city already has a tax abatement program available in certain neighborhoods and for certain industries. This program could be expanded to include affordable housing tax incentives. There are a number of different incentives that could be offered. For example, Fargo grants a 3 to 5 year property tax exemption for remodeling residences and apartments that are at least 25 years old. The city of Portland, Oregon grants a property tax exemption to low-income housing owned or leased by a non-profit organization.

Similarly, tax increment financing (TIF) is already used in Sioux Falls, but to date has not been part of a comprehensive affordable housing strategy. TIFs could be used to create affordable subdivisions, as Aberdeen has done through its Homes Are Possible, Inc. (HAPI) program. TIFs could lower the price of lots, which could then be included in a community land trust, or TIFs could be used to incentivize development of units for extremely low income households (i.e., units that the market would not otherwise support).

The city could encourage private, for-profit developers to construct more affordable housing by adopting inclusionary zoning (IZ), which has proven to be an effective way to increase the supply of affordable

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<sup>100</sup> Ibid.

<sup>101</sup> Ibid.

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housing despite limited funding. IZ asks developers to set aside a specified proportion (often 10 to 15 percent) of affordable units in market-rate projects. By doing so, IZ aims not only to creating more affordable housing, but also to create mixed income neighborhoods and reduce income segregation.

Mandatory IZ programs create more affordable housing than do voluntary ones. Although voluntary programs have proven ineffective, most IZ programs do allow developers the choice of constructing affordable units on site, contemporaneously but off site, or instead paying a fee or donating land in lieu of building affordable units. In lieu fees can then be set aside in an affordable housing trust fund and used for developing affordable housing. Evidence suggests in lieu fees are effective, provided they are set high enough.

As compensation for building affordable units or paying in lieu fees, IZ programs typically grant developers cost offsets. Common cost offsets are density bonuses, expedited permits and approvals, relaxed design standards including setbacks and parking reductions and extra height allowances, fee waivers or reductions, and subsidies for affordable units from local housing trust funds.<sup>103</sup> Some communities also provide assistance in applying for public funds (e.g., rent subsidies, bond financing, CDBG). Most programs also set a development threshold, or minimum project size above which IZ applies, and they balance income targeting for affordable units against the number of set-asides required (e.g., developers can set aside a few units at 30% MFI or many at 60% MFI).

Since it was first proposed in the 1970s, IZ has been adopted in nearly 500 communities. In other states, IZ has been estimated to produce twice the amount of affordable housing produced through low-income housing tax credits. David Rusk, the former Mayor of Albuquerque, has estimated that if the largest 100 metropolitan areas in the United States had implemented IZ 20 years ago, they would have created 2.6 million additional units of affordable housing.<sup>104</sup>

IZ tends to work best in larger and more affluent jurisdictions, in areas where neighboring jurisdictions have also adopted IZ, and in areas with other land use regulations. However, multiple studies have found that, despite predictions to the contrary, IZ does not significantly reduce housing construction nor does it increase prices, so long as cost offsets are well structured. That said, IZ alone is unlikely to produce enough units to fill existing gaps, especially at the lowest income levels, though it could be a useful policy tool in an affordable housing toolkit.<sup>105</sup>

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<sup>103</sup> Cost offsets could also be offered as voluntary incentives to developers interested in building affordable housing, although evidence suggests voluntary programs are ineffective. For additional suggestions of reductions in regulatory barriers to development, see HUD's Regulatory barriers clearinghouse ([www.huduser.org/rbc](http://www.huduser.org/rbc)), and the Center for Housing Policy's online guide to state and local housing policy ([www.housingpolicy.org](http://www.housingpolicy.org)).

<sup>104</sup> Vinit Mukhija et al., "Can Inclusionary Zoning Be an Effective and Efficient Housing Policy? Evidence from Los Angeles and Orange Counties," *Journal of Urban Affairs* 32, no. 2 (May 2010): 229–52, doi:10.1111/j.1467-9906.2010.00495.x.

<sup>105</sup> Ibid.; Amy Armstrong et al., "The Effects of Inclusionary Zoning on Local Housing Markets: Lessons from the San Francisco, Washington DC and Suburban Boston Areas," Housing Policy Brief (Furman Center for Real Estate and Urban Policy at New York University for the Center for Housing Policy, March 2008), <http://furmancenter.org/files/publications/IZPolicyBrief.pdf>.

## 9.5 MAKE THE MOST OF EXISTING AFFORDABLE HOUSING

### 9.5.1 Work with property owners to improve the quality of affordable housing

Outside of subsidized housing that requires regular inspections, affordable housing on the open market tends to be older and sometimes in poor repair. To ensure that affordable housing is also safe, decent, and sanitary, the affordable housing action team may want to consider working with property owners to improve the quality of affordable housing.

The action team could support existing code enforcement and encourage their expansion. The Sioux Falls Code Enforcement team has an excellent track record: 90% of cases are brought into compliance after an initial notice, and in most cases, the team gains compliance without issuing citations. In 2015, the team dealt with 185 violation for property maintenance and 1,537 health code violations as part of a total of 5,124 total violations. They conducted a total of 9,945 inspections, including 2,381 for health and 404 for property maintenance.<sup>106</sup>

However, Sioux Falls code enforcement puts the onus on tenants to report violations, and low income tenants are often reluctant to report landlords for fear of reprisal and eviction. Increased tenant education could improve awareness of housing code and how to report violations by going beyond distributing the “Who to Contact” brochure.

Further, the city might consider adopting a proactive rental inspection program and cooperative compliance model that encourages property upkeep and helps connect owners with resources available for maintenance and rehabilitation. In other communities, mandatory inspection programs have dramatically reduced health and safety hazards, such as lead poisoning in children.<sup>107</sup> A random inspection program could have similar results with lower administrative costs. An inspection program would also benefit owners by notifying them of poor conditions before problems grow more severe, and it would encourage preventive maintenance, which is more cost effective than reactive repairs. Empirically, effective code enforcement helps maintain rental housing stock and preserve property values.<sup>108</sup> If an inspection identifies a code violation, the code enforcement team could be trained to help property owners understand the importance of bringing the property into compliance for health and safety, and also to provide information and resources to support rehabilitation. As a model, they might consider the Health Department’s education and case management outreach to households with maintenance problems.

The affordable housing action team might also continue to build on collaborations such as Project NICE, Project KEEP, and the one-day Community Resiliency Project put on in 2015 by the Red Cross, Sioux Falls Fire Rescue, Sioux Falls Public Health, Community Development, and corporate and community leaders.

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<sup>106</sup> “2015 Code Enforcement Annual Report” (Sioux Falls, SD: City of Sioux Falls Code Enforcement, 2015), <http://www.siouxfalls.org/code-enforcement/2015-yr-end-report>.

<sup>107</sup> “Housing Code Enforcement” (Local Progress: The National Municipal Policy Network, 2014), <http://localprogress.org/wp-content/uploads/2014/08/Housing-Code-LP.pdf>.

<sup>108</sup> “Up to Code: Code Enforcement Strategies for Healthy Housing” (ChangeLab Solutions, 2015), [http://www.changelabsolutions.org/sites/default/files/Up-to-Code\\_Enforcement\\_Guide\\_FINAL-20150527.pdf](http://www.changelabsolutions.org/sites/default/files/Up-to-Code_Enforcement_Guide_FINAL-20150527.pdf).

Finally, the affordable housing action team may want to consider supporting the expansion of existing neighborhood revitalization and home rehabilitation programs. A combination purchase and rehabilitation loan program might be one way to expand preservation efforts and encourage the conversion of core housing to single-family ownership. Revitalization efforts could also be coordinated with tax and regulatory incentives and with the creation of an affordable housing trust or community land trust.

#### 9.5.2 Increase awareness of fair housing requirements and tenants' rights and responsibilities

The affordable housing action team may want to consider supporting existing tenant education programs and building a more robust tenant and fair housing advocacy infrastructure.

Educational efforts could also include outreach to landlords, possibly in cooperation with a housing locator as described above. Outreach could equip landlords with information about fair housing and affordable housing, including accepting Housing Choice Vouchers, and encourage landlord cooperation with affordable housing tenant education programs (e.g., relaxing screening criteria or security deposits for tenants willing to enroll in tenant education programs). In other communities, organizations and local governments have provided landlords with damage guarantees for hard-to-house tenants (e.g., up to \$2,000 to cover any damage inflicted by the tenant).

The action team could also consider ways to institutionalize eviction prevention, either in cooperation with a housing locator, with social service providers and case managers, or with a separate office (e.g., a housing court). Eviction prevention adopts a harm reduction approach to housing and helps ensure tenants remain safely and securely housed. In effective eviction prevention programs, a tenant advocate develops a plan with tenants to address behaviors of concern and also advocates to the landlord on their behalf.<sup>109</sup> Alternative models might encourage tenants and landlords to create payment plans for overdue rent or refer tenants to financial education or counseling. Research shows that eviction prevention programs help stabilize housing for families, reducing residential moves that could negatively affect children's wellbeing.<sup>110</sup>

Finally, although the recent HUD ruling on criminal background and fair housing should improve options for people with criminal records, any housing-based data collection effort (as described above) could include monitoring housing access for this population. The affordable housing action team may want to consider the need to create additional options for families of individuals in reentry.

#### 9.5.3 Develop an early warning system for affordable housing

Recognizing that existing, older housing is often naturally more affordable than new construction, the affordable housing action team may want to consider developing an early warning system that inventories naturally occurring affordable housing and properties with expiring affordability periods. The early warning system would support efforts to share information about properties about to exit affordability

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<sup>109</sup> Watson, Wagner, and Rivers, "Understanding the Critical Ingredients for Facilitating Consumer Change in Housing First Programming."

<sup>110</sup> Coley et al., "Poor Quality Housing Is Tied to Children's Emotional and Behavioral Problems."

and assist property owners, tenants, and developers in identifying options and resources to extend affordability.<sup>111</sup>

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<sup>111</sup> Peter Callaghan, “Hennepin County Puts Money into Effort to Preserve ‘naturally Occurring’ affordable Housing,” *MinnPost*, June 15, 2016, sec. Politics & Policy, <https://www.minnpost.com/politics-policy/2016/06/hennepin-county-puts-money-effort-preserve-naturally-occurring-affordable-ho>; Miriam Zuk, “Regional Early Warning System for Displacement,” Typologies Final Project Report (Center for Community Innovation and University of California Berkeley, July 23, 2015), [http://www.urbandisplacement.org/sites/default/files/images/rews\\_final\\_report\\_07\\_23\\_15.pdf](http://www.urbandisplacement.org/sites/default/files/images/rews_final_report_07_23_15.pdf).

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## 11 DATA AND METHODS

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Many estimates in this report are based on data from the American Community Survey (ACS), the Census Bureau's ongoing survey that provides vital information on a yearly basis. Whereas the decennial census conducted every 10 years is intended to reach every person in the country, the ACS surveys a sample of the population, so reported figures are estimates.

ACS data are available in 1-year (12 months of collected data) and 5-year (60 months of collected data) estimates. Although 1-year estimates provide the most current data, they rely on a smaller sample size and are less reliable than the 5-year estimates, especially when analyzing small subpopulations. Where data quality allow, 1-year estimates have been used. Where 1-year estimates are unreliable, 5-year estimates have been used. ACS data are released on a lag, so the most recent ACS 1-year estimates available for this report are from 2015, and the most recent ACS 5-year estimates available are from 2015 for the 5-year period from 2011 to 2015.

ACS data are also used to create custom tabulations, such as the HUD Comprehensive Housing Affordability Strategy (CHAS), which is a dataset used to demonstrate the extent of housing problems and housing needs, particularly for low-income households. CHAS data are released on a lag behind ACS releases, so the most recent CHAS data available for this report are from 2012.

In addition to providing ACS tables, the Census Bureau makes available a set of untabulated records about individual people or housing units, called Public Use Microdata Samples, or PUMS. These PUMS files allow users to create custom tables not available through pretabulated ACS data products. PUMS records contain individual response information, but they do not contain names, addresses, or any information that can identify a specific housing unit or person.

For this report, PUMS data were used to estimate the housing gaps depicted in Figure 3.31 and Figure 3.32. The housing gap analysis in this report is modeled off the methodology developed by the National Low Income Housing Coalition and Urban Institute, which they use to describe affordable housing needs nationally and in the 50 largest metropolitan areas in an annual report called "The Gap: The Affordable Housing Gap Analysis."<sup>112</sup>

Because housing and income values in the PUMS data do not account for household size, number of rooms, or utility costs, these were adjusted to allow for proper comparison. Reported household income was multiplied by a scaling coefficient based on a set of weights used by HUD to inflate or deflate income to reflect household size, using a four-person household as the fixed standard. Reported housing costs were also adjusted for households that did not report utility costs and for vacant units, which have no utility costs. They were multiplied by the median percentage difference between contract rent (cash rent) and gross rent (rent including utilities) for all households, or approximately 13%. Next, housing costs were adjusted for the number of bedrooms in the unit by using a set of weights published by HUD. To estimate the housing affordability gap, adjusted housing costs were compared to adjusted household income at the 30% and 50% MFI thresholds.

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<sup>112</sup> The 2016 report is available online at [http://nlihc.org/sites/default/files/Gap-Report\\_print.pdf](http://nlihc.org/sites/default/files/Gap-Report_print.pdf).

For owner-occupied homes, calculating the housing affordability gap requires an extra step. Although PUMS data includes a variable for selected monthly owner costs and selected monthly owner costs as a percentage of income, the analysis concerns affordability for potential buyers, not current owners, so these variables are not appropriate. Instead, the analysis uses median home value as a proxy for purchase price. The maximum affordable home value for a homebuyer at each MFI threshold was estimated based on current interest rates and property taxes.

Finally, the number of units that were affordable to households at various income thresholds was counted. A unit was considered affordable if the adjusted rent or adjusted housing value was equal to or below 30% of the designated income cutoff. A unit was counted as both affordable *and available* if the housing unit satisfied one of two additional criteria:

- The unit was either listed as “vacant – for rent” (for available rental units) or “vacant – for sale” (for units available to purchase, *or*
- The unit was already occupied by a household with a reported income at or below the income threshold in question.

Units that are affordable for a household within a given income threshold but occupied by a household above that threshold are affordable, but not available.

The housing affordability gap for each income threshold and tenure (renters or homeowners) was calculated by the ratio of affordable and available units to households.

## 12 GLOSSARY

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**Area median family income (AMI or MFI)** – The median family income calculated by HUD for a given jurisdiction in order to determine Fair Market Rents and income limits for HUD programs. HUD sets area median family income based on Census data, but because of adjustments made by HUD, MFI may not align precisely with Census figures. For Sioux Falls, HUD calculates MFI for the four-county MSA as a whole (Lincoln, McCook, Minnehaha, and Turner). Full documentation and current figures are available from HUD at <https://www.huduser.gov/portal/datasets/il.html>.

**Community Development Block Grant (CDBG)** – Created under the Housing and Community Development Act of 1974, CDBG provides grant funds to state and local governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents.

**Conventional rental** – A rental unit available on the open market without subsidy or income restriction.

**Cost burden** – Households are considered cost burdened when paying more than 30% of gross monthly income for housing and utilities. They are considered severely cost burdened when paying more than 50%.

**Extremely low-income households** – Those with incomes below 30% of MFI, adjusted for family size.

**Fair Market Rent (FMR)** – Set by HUD based on Census data, FMR is primarily used to determine payment standard amounts for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts, to determine initial rents for housing assistance payment contracts in the Moderate Rehabilitation Single Room Occupancy program, and to serve as a rent ceiling in the HOME rental assistance program.

**Family** – All persons living in the same household who are related by birth, marriage, or adoption.

**Free and reduced lunch** – In accordance with the National School Lunch Act, the USDA's National School Lunch Program provides free or reduced price meals to eligible students. Income eligibility guidelines are calculated based on the federal poverty guidelines and adjusted for family size. Students with family incomes below 185% of poverty are eligible for reduced price meals, and below 130% are eligible for free meals.

**Home Investment Partnerships Program (HOME)** – A federal program that provides formula grants to states and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy, or rehabilitate affordable housing for rent or homeownership, or to provide direct rental assistance to low-income people.

**Household** – All the people who occupy a housing unit, including related family members and all unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roommates, is also counted as a household.

**Housing Choice Voucher** – Authorized by Section 8 of the U.S. Housing Act, the Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. This tenant-based

subsidy program issues rent vouchers to eligible households. The tenant contributes 30% of income toward rent, and the voucher subsidizes the difference.

Housing tenure – Tenure describes the legal status under which households have a right to occupy their unit. Most frequently, housing tenure refers to either owner-occupancy or rental housing. Units are considered owner-occupied if someone whose name is on the deed, mortgage, or contract to purchase lives in the unit.

Housing unit – A house, apartment, group of rooms, or single room occupied or intended for occupancy as separate living quarters.

Inclusionary zoning (IZ) – A requirement that developers of new housing include a certain percentage of below market-rate homes. IZ is a local law, and each city that passes an IZ law decides the terms (e.g., how many units must be affordable and what price is considered affordable). Often developers can pay the city an in-lieu fee instead of including affordable units, which allows the city to use the money to build new affordable homes.

Individual development account (IDA) – Matched savings accounts that help low-income families save towards a targeted amount. Often, savings must be used for designated purposes, such as home ownership or education.

Low-income households – Those with incomes below 80% of MFI, adjusted for family size.

Low income housing tax credit (LIHTC) – Created by the Tax Reform Act of 1986 to provide incentives for private sector production of low-income housing, LIHTC replaced traditional housing tax incentives with a tax credit that enables developers of affordable housing to raise equity through the sale of tax benefits to investors (corporations and individuals). The programs requires a certain percentage of units built be restricted for occupancy to households earning 60% or less of area median income, and the rents must be restricted accordingly. It is administered by the IRS.

Median – The midpoint in a range of values: half of the values will be higher than the median, and half will be lower.

MFI – See area median family income.

Mod Rehab – Provided project-based rental assistance for low-income families, but the program was repealed in 1991. No new projects are authorized for development, although some existing projects continue.

Project-based housing assistance – In project-based assistance, as opposed to tenant-based assistance, the subsidy is tied to the unit. If a household moves to a different building, the subsidy stays with the unit, not the household.

Public housing – Housing financed by the federal government under HUD's Public Housing Program and owned and operated by local housing authorities.

Section 202 – A federal program that provides capital advances to finance the construction, rehabilitation, or acquisition of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable.

Section 8 – See Housing Choice Voucher.

Section 811 – The Section 811 Supportive Housing for Persons with Disabilities program provides HUD funding to develop and subsidize rental housing with supportive services for very low- and extremely low-income adults with disabilities.

Tenant-based rental assistance – HUD assists low- and very low-income families in obtaining decent, safe, and sanitary housing in private accommodations by making up the difference between what they can afford and the approved rent for an adequate housing unit. See also Housing Choice Voucher.

Unit-based subsidies – See project-based subsidies.

Very low-income households – Those with incomes below 50% of MFI, adjusted for family size.

Voucher – See Housing Choice Voucher.

## 13 HOUSING LOCATOR JOB DESCRIPTION

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### Sample Housing Resource Coordinator Job Description<sup>113</sup>

Title: Housing Resource Coordinator

Reports To: Assistant Director

#### General Description:

Under the supervision of the Assistant Director, the Housing Resource Coordinator is responsible for working closely with the case management and intake staff in order to assist families participating in our organization's services in identifying appropriate housing opportunities. The Housing Resource Coordinator maintains catalogs of available housing opportunities as well as trainings or educational opportunities for staff and clients.

As an integral part of the Housing Resource Coordinator's responsibilities, this person is required to maintain relationships with landlords, private and non-profit, who will work with the organization's clients. The Housing Resource Coordinator works collaboratively with the organizational team, as well as with representatives from the County Department of Housing and Community Development, County Department of Family Services, County Department of Community and Recreation Services, and with representatives of other non-profit agencies and the faith community.

#### Specific (Essential) Responsibilities:

- Maintain a Housing Directory which should at minimum include documentation of all contacts with housing providers including: corporation name if applicable, name of contact, address, phone, date of contact and results of contact
- Provide housing availability to the organization's team in an efficient and timely manner
- Maintain documentation of trainings, budgets, housing contacts and other pertinent information in accordance with agency and best standard practice
- Research housing topics, collect and organize housing information for clients and organizational staff
- Assist in the establishment of linkages with community resources
- Ensure compliance with all agency policies

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<sup>113</sup> Sample job description made available by the National Alliance to End Homelessness, <http://www.endhomelessness.org/library/entry/sample-housing-resource-coordinator-job-description>.



## 14 TABLES

In the following table, the expiration date is based on records maintained by the National Housing Preservation Database, not direct examination of contracts; it may be subject to error. Owners may also choose to voluntarily maintain unit affordability even after the contract affordability period has expired, and individual cases may be subject to additional regulatory requirements based on state or local support received in addition to tax credits or HUD subsidies documented here.

**Table 14.1 Expiring tax credits and subsidies through 2025**

Development	Address	Expires	HTC	PB	Units
VOA	3108 E. 3rd St.	5/8/2016		X	6
Crocus Meadows Apts.	4601 E. Brennan Dr.	6/21/2016		X	15
Greenway Apts.	3008 E. 26th St.	7/12/2016		X	16
Wildflower Estates	1111 N. Cleveland Ave.	7/19/2016		X	14
Crescent Villa	5501 W. 46th St.	9/11/2016		X	40
VOA Living Center II	706 Solar Dr.	10/28/2016		X	20
WestPointe Townhomes II	4600 W. Briggs Drive	12/31/2016	X		42
Brennan Hill Twnhs.	4536 East Brennan Drive	12/31/2016	X		61
Stoney Creek Twnhs.	7412 West Stoney Creek St.	12/31/2016	X		59
Tartan Arms Apartments	628 South 3rd	12/31/2016	X		18
Elmwood Estates	705 North Elmwood Ave.	12/31/2016	X		98
Terrawood Townhomes	618 E. 6th St.	10/12/2017		X	4
RoseCrest Townhomes	3316 Rambler Place	12/31/2017	X		77
WestPointe Townhomes III	4301 Antelope Drive	12/31/2017	X		20
Collins Apartments	419 West 4th Street	12/31/2017	X		2
AFT Properties	426 North Spring	12/31/2017	X		10
Homestead Trails Rent to Own I	1000 N Homestead Cir	2/5/2018	X		32
Canterbury Apts. / Viceroy Apartments	3501 S. Terry Ave.	6/30/2018		X	50
Stoney Creek Twnhs.	906 South Tayberry Ave.	12/31/2018	X		36
Bevsons's Apartments	929 South Blaine Ave.	12/31/2018	X		14
Nour Single Family	900 S. West Avenue	12/31/2018	X		1
Duluth Apartments	2624 S. Duluth	12/31/2018	X		10
Huey Apartments	112 N. Phillips Ave.	1/15/2019		X	44
Hawthorne Hall Apts.	4021 S. Hawthorne Ave.	6/1/2019		X	16
Northern Heights Development	1408 East 71st Street North	12/31/2019	X		50

Prairie Village Apartments	4901 East 41st Street	12/31/2019	X		48
Williamsburg Townhomes	505 S. Wheatland Avenue	12/31/2019	X		53
Crestview Apartments	4308 18th Street	12/31/2019	X		54
Westport Apartments	3205 W. 43rd Street	12/31/2019	X		72
Salem Apts.	809 S. Sherman Ave.	4/10/2020		X	14
Baumgartner Apts.	425-1/2 N. Nesmith Ave.	7/27/2020		X	2
Woodland Hills South Apts.	700 N. Cleveland Ave.	8/20/2020		X	18
Collins Apts. / Sheltered Living Services	520 N. Spring Ave.	8/31/2020		X	23
Falls Terrace Apartments	1301 S. Majestic View Place	12/31/2020	X		61
Tower Apartments	301 W. 2nd Street	12/31/2020	X		47
Baha Townhouses / Cedarwood Apartments	4617 S. Baha Ave.	1/31/2021		X	21
Riverview Park Apts.	3131 W. 12th St.	5/31/2021		X	50
Olive Grove Apts.	4904 Kirkwood Cir.	8/31/2021		X	19
Hospitality Apts.	3510 S. Terry Ave.	9/15/2021		X	12
Northern Heights Development II	1408 East 72nd Street North	12/31/2021	X		36
Lake Port Village	5801 W. Christopher Place	12/31/2021	X		48
Williamsburg Townhomes	505 Wheatland Avenue	12/31/2021	X		56
MacArthur Place Apartments	5001 MacArthur Lane	12/31/2021	X		20
MacArthur Place Apartments	5101 MacArthur Lane	12/31/2021	X		48
Falls Park Apartments	3601 Career Avenue	12/31/2022	X		73
Ashbury Apartments	4700 E. 6th St.	12/31/2022	X		48
Spring Hill Apartments	945 S. Blaine Ave.	12/31/2022	X	X	60
Sycamore Apts.	4500 E. 16th St.	12/31/2022	X		48
North Cleveland I	909 North Cleveland	12/31/2023	X		24
North Cleveland II	909 North Cleveland	12/31/2023	X		23
Country Meadows Apartments	6300 West 43rd Street	12/31/2023	X		99
Richmond Apartments	4500 E. 3rd Street	12/31/2023	X		22
Garfield Apartments	701 S. Western Avenue	12/31/2023	X		13
Wellington Park Apartments	2815 East 11th Street	12/31/2023	X	X	23

Bristol Court Apartments	4813 E. 54th Street	12/31/2024	X		60
River Run Apartments	803 South Lyons Avenue	12/31/2024	X		48
Richmond II	4619 E. 3rd Street	12/31/2024	X		48
Ridgeview Apartments	2909 E. 6th Street	12/31/2024	X		48
Olde School Apartments	104 N. Krohn Place	12/31/2024	X		27
Cumberland II	3520 N. 4th Avenue	12/31/2025	X		20
Pheasant View Apartments	3500 S. Sertoma Avenue	12/31/2025	X		40
Majestic View Apartments	1216 South Majestic	12/31/2025	X		39
Axtell Apartments	300 N. Western Avenue	12/31/2025	X		42
Western Comfort Apartments	2500 West Bethel Place	12/31/2025	X		47
Project Safe Home	700 N. Minnesota Ave.	12/31/2025	X		33

Source: National Housing Preservation Database, South Dakota file, accessed 6/15/2016

HTC = tax credit property; PB = project-based subsidized property